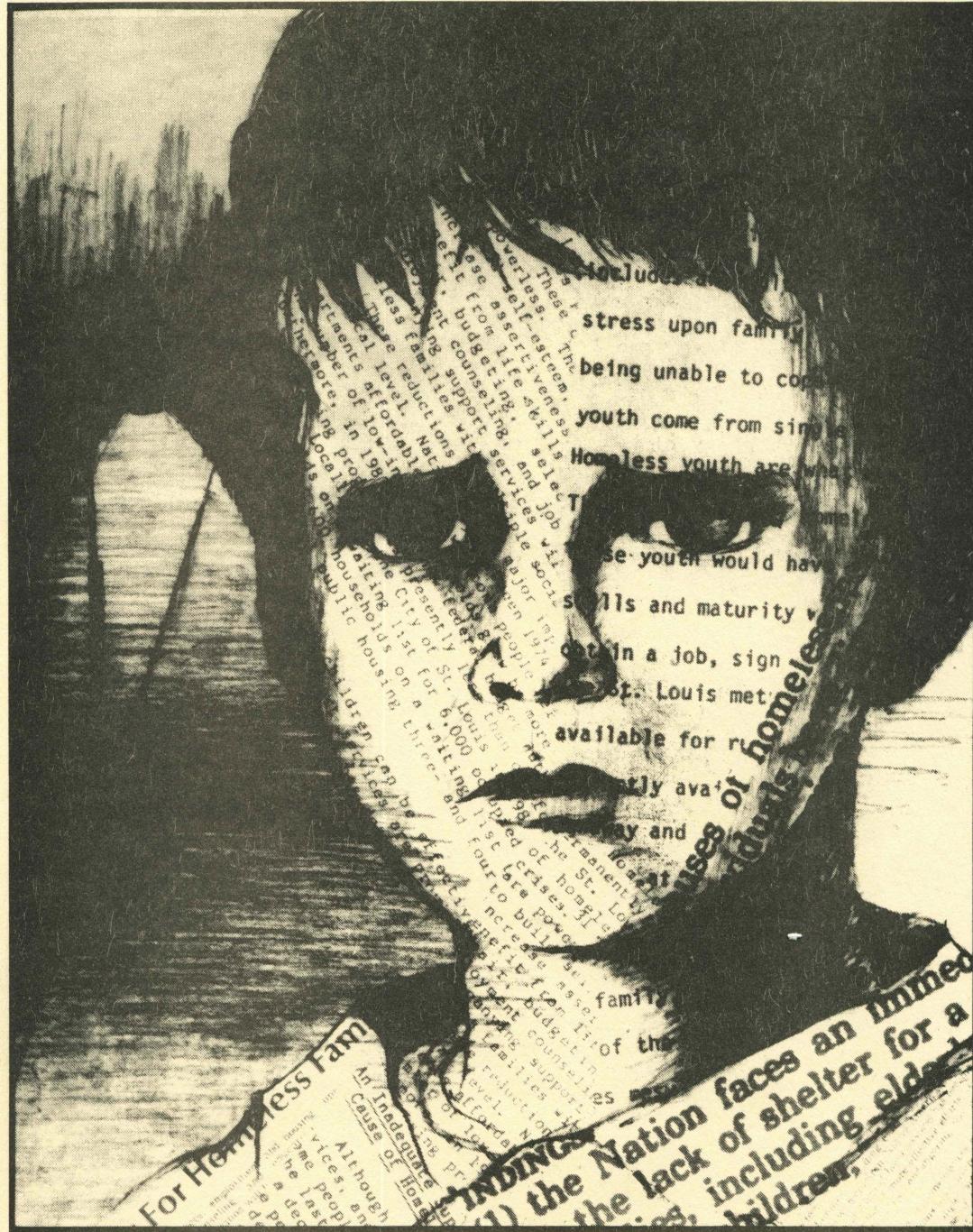


# Children in Poverty, Present and Future

State Options for Reducing Child Poverty

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# **Children in Poverty, Present and Future:**

**State Options for Reducing Child Poverty**

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## Preface

This research was conducted for the Missouri Children's Services Commission. The purpose was to provide information to the Commission on state policy alternatives to respond to the rising incidence of child poverty. A study of child poverty in the state and an assessment of ways to reduce it were first suggested to the Commission by the Missouri Children's Budget Coalition as a joint project.

State funding was made available for the study through the Department of Mental Health under a contract with the University of Missouri, Columbia. The contract was administered by the Department of Social Work. The University of Missouri subcontracted with the Institute of Applied Research to conduct the study and prepare the report.

As is the case with most projects of this kind, many individuals other than the principal authors were essential to its completion. Paul Sundett of the Department of Social Work, University of Missouri, Columbia and Phyllis Rozansky of Citizens for Missouri's Children and the Missouri Children's Budget Coalition served as co-chairs of a committee that provided guidance, advise and encouragement during the project. Sara Barwinski of Lutheran Family and Children's Services, St. Louis also provided many helpful comments and suggestions. The efforts of Keith Schafer, Director of the Department of Mental Health and Gary Stangler, Executive Deputy Director, Department of Social Services were critical. They provided initial direction and guidance for the project. Without their commitment to assisting Missouri's children this study would not have been possible.

# Executive Summary

In this study the Institute of Applied Research was asked 1) to determine the number of children in poverty at the present time in Missouri, 2) to project the likely number of children in poverty by 1995, and 3) to determine feasible and effective policies and programs to reduce child poverty in the state.

The focus of the study was on the causes of child poverty. It did not address directly alleviating the consequences of poverty among children. Furthermore, the report is limited to state and local policy alternatives.

In recent years the poverty rate among children in the United States has risen alarmingly. Currently, about 13 to 14 of every 100 persons live in poverty, but among children the rate is upwards of 20 of every one hundred.

The graph in Figure 1 traces poverty rates of the U.S. population as a whole and children for the period from 1959 to 1987. The line for the poverty rate among children shows the number of children out of every 100 each year who lived in families with incomes below the official government poverty thresholds. The other line shows the rate for people of all ages.

Child poverty rates have tended to mirror the rates of the population. What is striking about changes since the late sixties, however, is the gradual separation of the trend lines. Child poverty has grown worse than poverty for other age groups.

## Demographic Changes

One of the reasons for the rising poverty rate among children has been the dramatic increase in

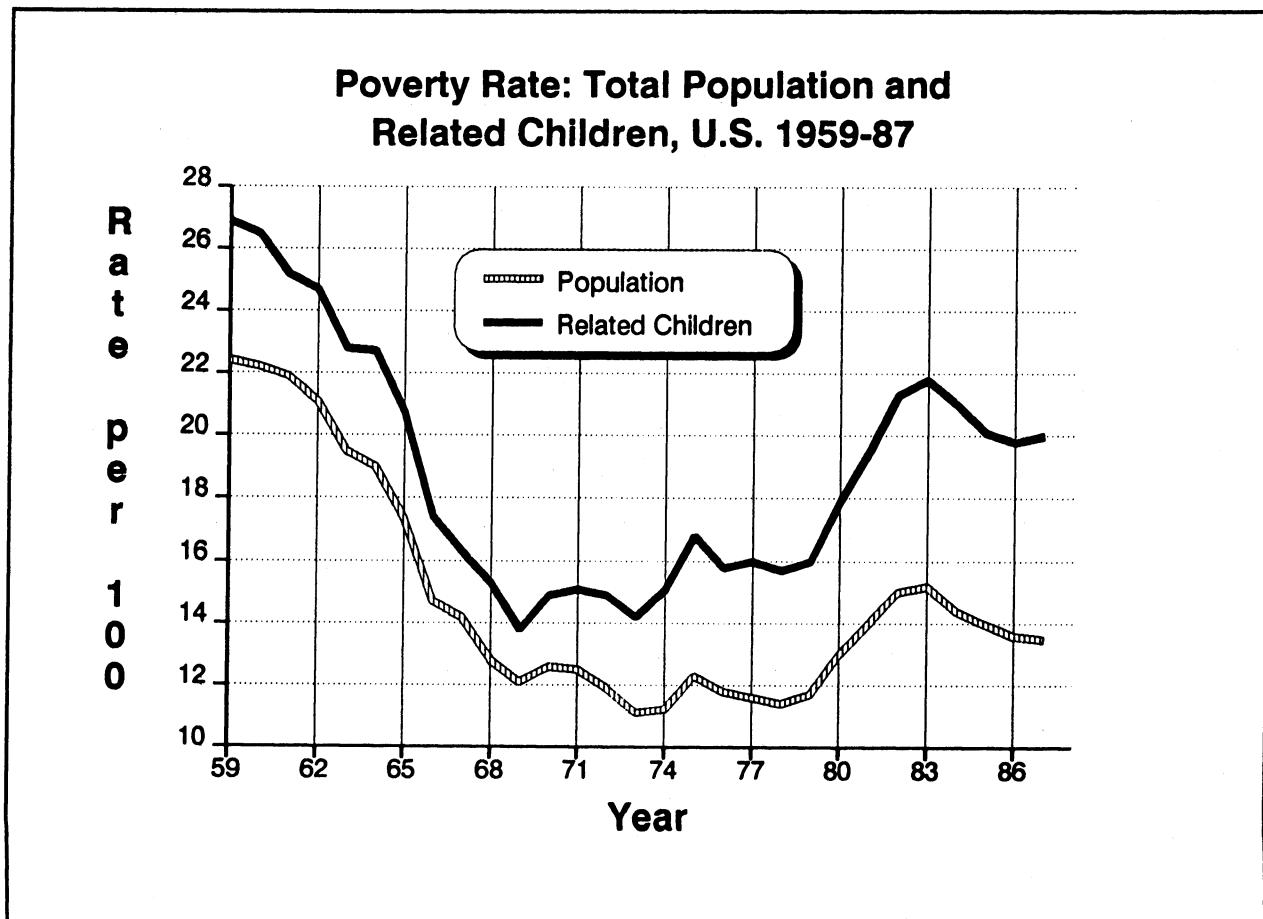


Figure 1

mother-only families over the last 30 years. These are families consisting of a woman and her children.

In 1986 the United States had nearly 34 million families of which 26.7 million were male-present (nearly all two-parent families) and 7.1 million were mother-only. The number of mother-only families more than doubled since 1959 when they made up only 2.5 million out of a total of 26.9 million families. The data available for Missouri is more limited but shows essentially the same pattern as the national data. Mother-only families increased from 71 thousand in 1970 to 106 thousand in 1980, representing a change from 10.8 percent to 15.5 percent of all families over the 10 year period.

The increase in mother-only families has meant that a growing proportion of American children live in such families. Nationally the rate jumped from 8.8 percent of all children in families in 1959 to 20.6 percent in 1986. Children in mother-only families in Missouri went from 11.2 percent of all children in families in 1970 to 15.6 percent in 1980.

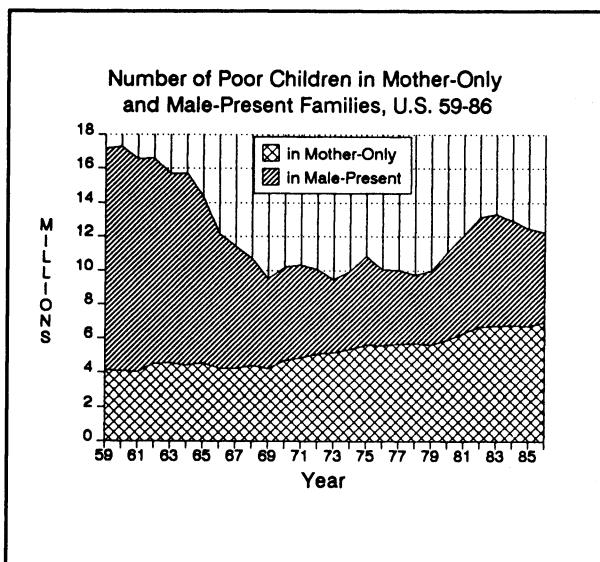


Figure 2

The increase in the proportion of children who live in mother-only families, has led to a steady increase in the proportion of *poor* children who live in such families.

Figure 2 charts the U.S. population of children in poverty from 1959 to 1986. The graph splits the population into poor children in male-present and those in mother-only families. Mother-only families are significantly more at risk of poverty than are two-parent and father-only families. In 1986 the poverty rate of two-parent families was 8 percent; the poverty

rate of father-only families was 18 percent; and the poverty rate of mother-only families was 46 percent. The poverty rate for children in two-parent families was 11 percent; the poverty rate of children in mother-only families was 55 percent. As the number of mother-only families has increased, so has the proportion of children living in poverty.

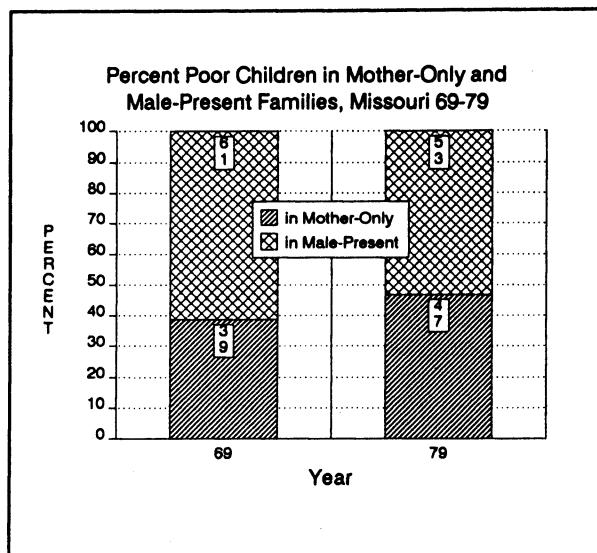


Figure 3

The percentage of all poor children living in male present families varies with economic changes, as can be seen in Figure 2, because the economic fate of these families tends to be more closely tied to unemployment and inflation.

The equivalent graph for Missouri based on decennial census statistics is contained in Figure 3. It shows an increase of the proportion of poor children in mother-only families from 38.7 percent in 1969 to 47.0 percent in 1979.

Two other demographic factors closely related to child poverty are ethnicity and family size. Black and hispanic children are found among the poor in proportions greater than they are represented in the total population. Black children in Missouri made up 13 percent of the population of children but 32 percent of the poor children. Looking at black children by themselves, the poverty rate was very high: 35 percent in Missouri in 1979. Family size is also related to poverty: larger families tend to be poorer.

## **The Changing Economic Status of Families with Children**

Over the last 15 years significant changes have occurred in the economic standing of young families and families with children.

While family income increased substantially and steadily in the two decades following the Second World War, it stopped growing in 1973. This is reflected in the changes in the income of full-time male workers. Their median income (expressed in constant 1986 dollars) increased steadily in this country from 1955 to 1973. In 1955 it was \$17,368 and by 1973 it had peaked at \$28,295. Since that time earnings have stopped their steady increase. The net effect has been a decline to \$25,894 in 1986. In 1986 the real income of the average full-time U.S. male worker was below 1969 levels.

These changes are especially apparent in young families. A recent study conducted by the Children Defense Fund shows that the median income of young families with children fell by 26 percent between 1973 and 1986. During this same period, the poverty rate for young families rose from 12 to 22 percent.

In addition, inequality of incomes has increased for families with children. Families with children in the lowest quintile (lowest 20 percent of all families ranked by income) went from 6.6 percent of the aggregate income in 1967 to a 4.2 percent share in 1984. Thus, the relative ability of poorer families to provide for their children has been declining.

The growing inequality of income has meant that many of the poor have been getting poorer. Poor families have fallen further below the poverty threshold in the years since 1973. During the 1980's the speed of the fall has intensified. The "poorest of the poor" have increased in numbers as well. In 1979 32 percent of the poverty population had incomes no more than half the poverty threshold. By 1987 this figure had increased to 39 percent.

## **Reasons Why Families with Children are Growing Poorer.**

**Earnings.** It is commonly assumed that if poor people could or would hold jobs they would not be in poverty. Yet a majority of heads of households in poverty do work. In 1986, in 75 percent of male-present families with children at least one parent worked during the year; in 62 percent of these families at least one parent worked full time. Nearly one-quarter of single-parent women worked in full-time jobs. For these families, the problem was not simply unemployment, but the inability to earn enough on a job to support a family adequately.

Since 1973 a growing proportion of families with children had a wage earner whose weekly earnings were not large enough to keep his or her family above the poverty line. The reason is not an unwillingness to work, but the decline in the real value of earnings among household heads who do work.

From the perspective of the low income earner, the decline in real earnings may be seen as paralleling the decline in the value of the minimum wage. In 1979, a full-time, year-round job at the minimum wage earned an annual income that was \$249 above the poverty threshold for a family of three. In 1987, a minimum wage job earned \$2,101 below the poverty line for a three-person family.

**Economic Plight of Children in Mother-Only Families.** Women in mother-only families work less often than heads of non-poor families and when they do work, like other women, they earn less than men. The families are significantly worse off financially.

Mother-only families are also substantially poorer than male-present families because of the astonishingly low amounts of child support paid by absent fathers. Around one-fourth of the divorced and separated women (24.9 and 27.9 percent) received some child support during 1985, but only about one-tenth of the never married women (11.5 percent) were given such financial support by absent fathers. Forty percent of the women awarded child support payments in 1985 lived in poverty. Missouri estimates for 1985-87 were that 36 percent of mother-only families in Missouri received some child support. Among the poor this rate was only 21 percent. During these three years (and adjusted to 1986 dollars) it was estimated that among mother-only families which received some support the average annual payment amount was \$2,020 per family and \$1,100 per child. For poor families the amount received by those who received any was an average of \$1,159 per family per year or \$525 per child.

**The Diminishing Value of Government Transfers to Families with Children.** The total value of government transfers has increased enormously since 1960. The portion of these transfers that most affect lower income families are the public assistance, food assistance and the housing and energy assistance programs. These are the bulk of the "means-tested" programs. To qualify for these a family must have income below a certain low income threshold. There was a slight increase in food stamps/child nutrition programs between 1976 and 1984. The same can be said for housing assistance. In any event the increases since 1976 have been modest in comparison to the increases for benefits to the elderly and disabled. Public

assistance, which is made up primarily of AFDC, actually declined in real terms since 1976.

Looking at AFDC benefits for a family of three, Missouri's maximum benefit increased in current dollar values from \$203 in 1977 to \$282 in 1988. If these figures are adjusted for inflation this apparent increase was actually a decline. In 1988 dollars the maximum benefit was reduced by 26.8 percent over its 1977 value. If food stamp benefits are added in, Missouri shows a total decline in real terms of 13.4 percent between 1977 and 1988.

### Characteristics of Missouri Children in Poverty

Over two-thirds of the children in poverty in Missouri are white; the majority live in male-present families. Both parents were present in the bulk of these families. The largest single grouping--well over one-third--of poor children in Missouri live in rural areas. The next largest category, also about one-third are black and white children who live in the central city. Disregarding racial differences, nearly three-fourths of poor children in Missouri are found either in the central city or in rural areas.

The national Panel Survey of Income Dynamics showed that mother-only families were more likely to be persistently poor. One-third of the families in poverty for eight or more years lived in rural areas (defined as places with population of 10,000 or less). Nationally families in such rural areas constitute about 15 percent of the population. Insofar as Missouri's families resemble the national sample, we might expect to find even more rural children among the persistently poor since Missouri's rural families (in places of 10,000 or less) constitute two-fifths (42 percent) of all families. Nationally, over half of the such persistently poor families were black with slightly less than two-thirds of these being mother-only families.

Based on the national panel study, Black children on the average can expect to spend 5.4 years in poverty as compared to 0.8 years for non-black children. Non-black children born to a never-married mother will probably spend an average of 6.2 years in poverty as compared to 6.0 years for comparable black children. Non-black children born to a teen-age mother will spend 1.2 years in poverty; for similar black children the figure is 5.4 years--the same as all black children. Other factors such as education of the parents were also shown to be related to poverty, particularly for non-black children. The disability of the head of the family was a powerful factor increasing child poverty for both black (10.9 years) and non-black (3.3 years) children.

Recent analyses of this data have suggested that as much as 60 percent of the poverty population at a given point in time is persistently poor. Most of the people in poverty in any one year are long-term poor.

### The Geography of Poverty in Missouri

Figure 4 contains a map showing the rates of poverty in Missouri counties, based on the 1980 census. The counties with the highest rates of children in poverty are found in rural south and southeast Missouri. However, it is also apparent that most Missouri counties had high rates of poverty among children in 1979. All the shaded counties in the graph had rates of 15 or greater, which were above the Missouri state rate of 14.6 for that year. It is apparent from the graph that certain counties around the St. Louis and Kansas City metropolitan areas, where the poverty rates are somewhat lower, exert a powerful influence on the state rate and mask to some extent the depth of child poverty that exists in other areas.

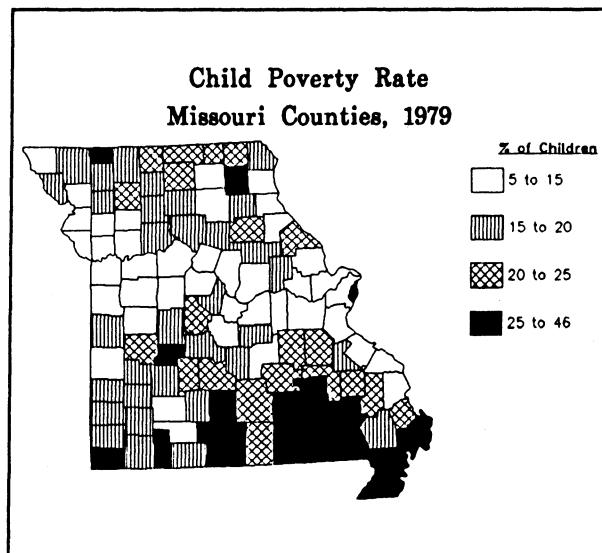


Figure 4

St. Louis City shows high child poverty rates. County level data is somewhat misleading in the urban areas. Metropolitan areas with relatively low child poverty rates overall contained certain census tracts with extremely high child poverty rates. A detailed analysis of census tracts would show a somewhat more varied picture in the urban areas particularly Jackson and St. Louis Counties and St. Louis City.

A six element index of risk to children was constructed. It included the variables income, unemployment, education, proportion of mother-only families,

poverty rate in mother-only families and child poverty rate. The scores for Missouri counties are shown in Figure 5.

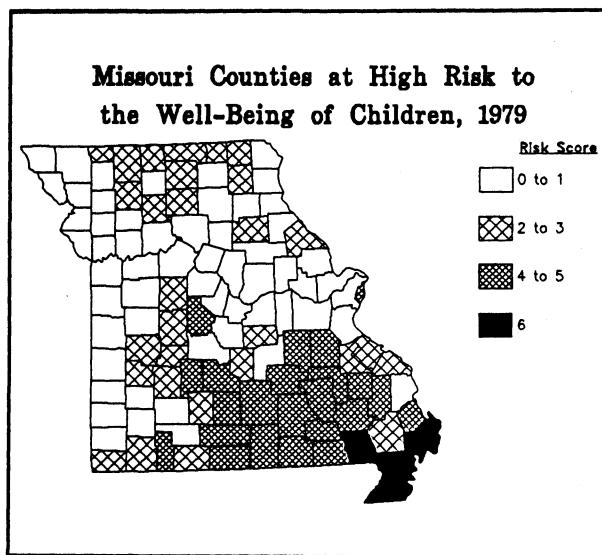


Figure 5

Rural areas present higher risk than urban areas. Risk to children is especially great in the southeastern part of the state, most particularly in the bootheel. The map undoubtably underestimates the risk among children in northern counties. Due to the setbacks that the farm economy suffered in the period after 1979 in northern Missouri counties it is likely, were up-to-date county level data available, that many rural counties in that part of the state would also show higher risk.

We also created a map showing where the most children in absolute numbers live (Figure 6). St. Louis County had one of the lowest child poverty rates in 1979 (5.9 percent) but because of the very large population in the county it had 15,729 related children in poverty. To take an example of a rural county: Mississippi County in the Missouri bootheel has a rate of 34.5 percent, with 1,744 children in families below the poverty line. Jackson County (Kansas City area) had a rate of 13.9 percent, but this accounted for 23,313 poor children. Low child poverty rates in some urban areas as a whole do not indicate low numbers of poor children. Furthermore, an examination of census tracts within urban areas reveals portions of each urban area in which the risk factors are likely to be very high.

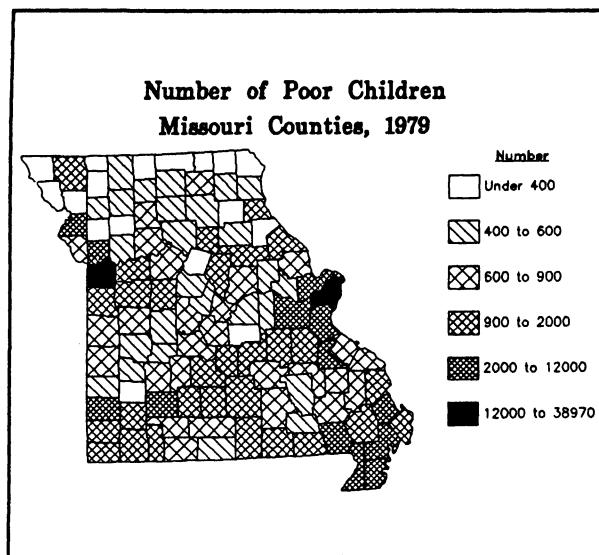


Figure 6

### Current Poverty Among Missouri Children

States are dependent on the decennial censuses for detailed information on the social and economic characteristics of their populations. The latest official government estimates of poverty among children in Missouri are those developed in 1980 based on incomes in 1979.

*Estimates of Current Child Poverty Based on Changes in National Rates.* The rate of poverty among children in Missouri might be determined by using the pattern of changes in national rates. Doing this yields rates ranging from 16.5 to 18.1 percent.

*Estimates of Child Poverty from Current Population Survey Data for Missouri.* Using the Missouri Current Population Survey combined over 1985 to 1987 period, child poverty rates were estimated. The estimated child poverty rate was 21.4 percent. This rate is higher than the national and midwest rates, yet it was fairly consistent over the three years of CPS data. We would consider this an upper limit of estimated child poverty in Missouri in 1986.

*Estimates of Current Child Poverty for Children in Different Types of Families.* The 1980 census found that the poverty rate among children in mother-only families in the state was 44 percent. If we apply increases in poverty experienced by this population in the Midwest during the period we would expect the poverty rate among these children to have increased to 55.5 by that year. Based on an estimate of 240,400 Missouri children in mother-only families in 1986, we calculated that there were approximately 132,500 children in poverty in these families in the state.

The other important segment of the child poverty population in the state consists of those children living in male-present families (nearly always two-parent families) that are in poverty. The rate of poverty among children in male-present families is highly correlated nationally with changes in the median income of males and the unemployment rate. Using the historic relationships between the unemployment rate and the poverty rate of children in male-present families in the Midwest, we determined the rate among such children to be approximately 10.5 percent in 1986, an increase from the rate of 9.2 in 1979. Applying this rate to the estimated total number of children in male-present families we determined the number in poverty to be 119,000.

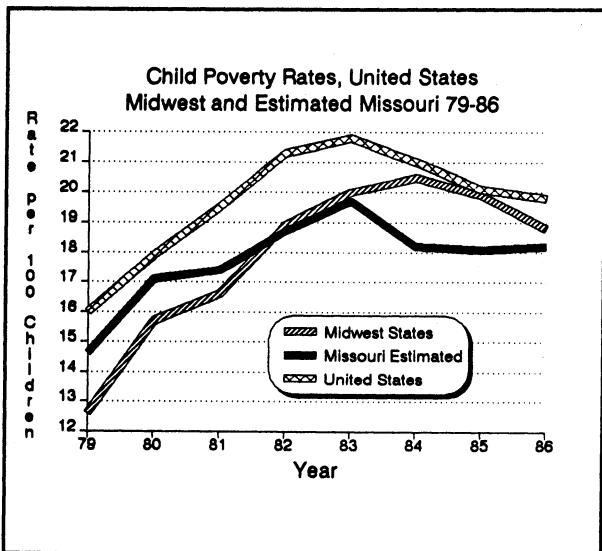


Figure 7

Combining the two categories of children in poverty we arrive at a final total of children in poverty for 1986 of 251,500 (132,500 + 119,000). This results in an estimated poverty rate of 18.2 percent in 1986.

Figure 7 shows the methodology applied to each year from 1979 to 1986. It also charts the child poverty rate for the midwest states and for the nation as a whole.

### Child Poverty in Missouri in 1995

Projections of any trend, especially one as complex as the poverty rate of children, are extremely risky. We took the conservative estimate child poverty rate of 18.2 percent in 1986 as our starting point. These projections use essentially the same method used to create the 1986 estimate but with different assumptions.

*The Rosy Scenario.* If the rate of increase of mother-only families and the rate of increase of poverty among those families essentially fell to one-fourth of its current estimated value over the years to 1995 and the unemployment rate was maintained in the range of five percent of the workforce by 1995 how many children would be poor in that year? Our estimate of the population of related children in 1995 is 1,377,200. This scenario places the percent of children in mother-only families in 1995 in Missouri at 18.1, which is essentially no increase over the 1986 rate. The poverty rate among these children would be 59.6 percent, an increase of about 4 percent over our 1986 value. If the unemployment rate in 1995 was 5 percent, the child poverty rate in male-present families would have dropped to 9.6 percent. *The total number of poor children would be 256,200 and the poverty rate would equal 18.6 percent.* This scenario leads to a reduction in the total number of poor children but with the simultaneous decrease in the total population of related children the poverty rate remains essentially constant.

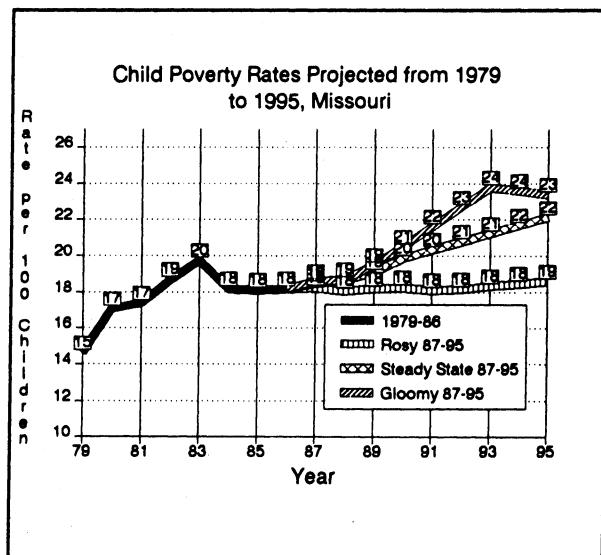


Figure 8

In Figure 8 this scenario is shown as the flat line extending from 1986 to 1995.

*The Steady State Scenario.* In this scenario the rate of increase of children in mother-only families is held at the rates that we have projected so far in the 1980's. The increase in the poverty rate among such families is also held at that level. We then assume that by 1995 the Missouri unemployment rate reaches a level comparable to the 1986 rate (6.1 percent). Under these conditions, the proportion of children in mother-only families in 1995 would reach 19.8 in Missouri. The poverty rate among such children would

have risen to 69.4 percent. This may seem unreasonable but it is merely the application of the rate of increase of poverty among these types of children in the midwest states in the early 1980's to the future period. This translates into 272,600 Missouri children in mother-only families with 189,300 of these in poverty. In turn, there would be 1,004,600 children in male-present families. The poverty rate among these children would be holding at 10.4 percent (the 1986 rate) resulting in 115,400 poor children in these families. The total number of poor children in Missouri under this projection would be 304,700. *The poverty rate would have increased from the 1986 value of 18.2 percent to 22.1 percent.* In this scenario the net number of poor children would have increased by about 40,000, and since the population of related children has declined by 1995, the increase in the poverty rate is substantial. The scenario is shown as the middle trend line in Figure 8.

**The Gloomy Scenario.** The final scenario assumes an economic downturn. Mother-only families increase at the same rate as in the steady state scenario, but an economic recession increases unemployment. By 1995 the Missouri unemployment rate is holding at eight percent after a rise to 10 percent (somewhat lower than 1983). This means that the poverty rate among children in male-present families would be 12.0 percent. Of the 1,377,200 children in these families 132,300 would be poor. *The total number of poor children would be 321,600 with a poverty rate of 23.4 percent.* This scenario appears as the upper line in Figure 8. Notice that the rate spikes upward with increased unemployment similar to what occurred in 1983.

**1995 Target.** We were asked to determine what reduction would be necessary to lower the child poverty rate in 1995 to a level comparable to the current poverty rate for the total population. The reduction of the future child poverty rate to a rate comparable to the current population rate (13.5 in 1987) would require that the children in poverty during this year total 185,900. The steady state scenario had the total at 304,700. This means a reduction of 118,800 children must occur. Assuming 2.2 children per family (current approximate family size) this translates into 54,000 families raised above the poverty level. Assuming 2 children per family the number of families that must be affected would be 59,400. We hope that the reader will see how tentative these numbers are. There is obviously a wide latitude for error. In any event, even if this 1995 rate represents an overestimate of the poverty level the state will still be faced with an extremely large number of poor families and children, unless effective action is taken now.

## Policy Options

Policies are more likely to be publicly acceptable and politically feasible if they have certain characteristics.

- Programs and policies that present public assistance as a transition process necessary only as a temporary intervention until the person helped can take back control of his or her own life;
- Policies that support the rights of people to make independent choices without abdicating responsibilities;
- Approaches that reinforce the family and the responsibility of parents to sustain and rear their children;
- Policies that are broadly based and benefit large segments of the population;
- Programs that have been proven at the local level through locally supported programs or demonstration projects.

**Option 1: Child Support Assurance.** Establish a system that provides for universal collection and payment of child support through employer withholding from the earnings of non-custodial parents. This system requires 1) establishment of paternity for all children at birth, 2) adoption of a percentage of income standard for withholding from the income of the noncustodial parent, 3) immediate withholding rather than court ordered withholding of child support, 4) payment of an assured child support check to all single-parent families.

**Option 2: Increasing AFDC Benefits.** Increase AFDC benefits by an average of \$100 per month per family (i.e. to approximately the national average among states).

**Option 3: Improve Economic Development Generally along with Efforts Targeted to Poor Families.** Several actions are proposed.  
1) *Continue and Expand General Economic Development Policies and Policies Targeted to Depressed Sections of the State.* The Enterprise Zone Program was cited as a means of retaining businesses in depressed areas and as one tool to attract jobs to parts of the state in which incomes are low.  
2) *Coordinate Economic Development Policies.* The Missouri Opportunity 2000 Commission has suggested the establishment of a state Office of Productivity Improvement and a Missouri State Council for Full Employment. The emphasis of both the

proposals is positive because they would aid creating measurable objectives for the state, timetables for implementation and specific courses of action under the direction of the Governor. 3) *Leveraging Job Creation for Low-Income Families with Children through Assistance to Small Business.* Establish a program of loans for initiation or upgrade of small businesses with the stipulation that a percentage of the new jobs are filled by heads of families in poverty or near the poverty level. The loans would be used primarily to leverage other funds for the business ventures. 4) *Assistance of Low-Income Families through Self-Employment of the Family Head.* This program would involve a fund from which small loans could be made to poor parents who are currently self-employed or have capabilities for self-employment. This would include loans to start businesses and assistance in operating them. It would also include loans to upgrade existing businesses. Another phase of this program might include assistance to self-employed poor to begin joint businesses or cooperatives to provide services that are or will be in high demand, such as child care.

**Option 4: Increase Medical Coverage for Poor and Near-Poor Families.** This is seen as an antipoverty measure to the extent that it removes the fear of loss of medical insurance for working poor families and provides preventive health care to poor families and their children. Two actions are proposed. 1) *Institute a Medicaid Medically Needy Program in Missouri.* This program is permitted under the current Medicaid legislation and allows inclusion of families under the programs without regard to eligibility for AFDC. 2) *Approve An Indigent Health Care Plan.* A plan to provide medical care for the poor or near-poor is needed.

**Option 5: Increase the Availability and Quality of Child Care in Missouri.** The primary antipoverty effect of child care availability is in assisting parents of poor children to hold jobs. This is particularly critical for mother-only families, but also important for two parent families as both spouses increasingly need to work to stay above the poverty line. The actions proposed were 1) *Assist Low-Income Parents and Welfare Recipients in Establishing Child Care Services or Finding Employment at Child Care Agencies.* This may be one goal of a loan program for self-employed individuals. Missouri should also apply for a demonstration project grant under the Family Security Act of 1988 to employ welfare parents as paid child care providers. 2) *Expand Child Care in Rural Areas.* The Family Security Act also provides for demonstration grants for this purpose. In addition, the state should consider establishing a fund to assist start-up of child care programs generally in the state. 3) *Expand Child Care Licensing to All Facilities in the State.* Currently

religiously affiliated programs are exempt from such inspection. Missouri should expand its program to cover all child care programs in the state to assure minimum levels of health. 4) *Further Support and Market the Voluntary Accreditation Program for Early Childhood Education.* This program is currently operated at Steven's College, Columbia, Missouri.

**Option 6: Enhancing the Linkage of Dropout Prevention and Adult Basic Education to Work.** There are several ways in which efforts currently going on in the state to prevent youths from dropping out of school and improving the literacy and basic educational skills of adults could be enhanced. 1) *Improving the Capabilities of Local Adult Basic Education Programs to Refer to Employment and Training Agencies.* This will include full information on available services beyond ABE, including skill training, higher education, and employment assistance. It may also include specific individuals within the ABE program who provide information and referral. 2) *Improving the Assessment of Food Stamp Work Registrants for ABE.* As a linkage is established between METP and ABE it becomes critical that a system of determining who needs and desires ABE be established prior to referral to that program. 3) *Expand and Market On-Site ABE Services to Small Businesses in the State.* These services would be offered at the site of the business. 4) *Promote the Further Development of At-Risk Centers at Area Vocational-Technical Schools.* These programs utilize multiple funding sources. Variations on the model are being developed at 24 sites. Evaluation of the consequences of various approaches is critical. 5) *Promote the Expansion of Work/Study Programs like the Off-Campus Program offered in St. Louis Schools.* This is a particular example of a joint program between businesses and the local school district. 6) *Consider Developing a Missouri Conservation Corps similar to Those Being Developed in Other States.* Such a corps would offer further opportunities to youth who have dropped out of school or are in danger of dropping out to gain education, training and work experience. They would also be engaging in useful public work programs.

**Option 7: Enhance Programs to Reduce Adolescent Pregnancy.** Children of adolescent mothers are the poorest of the poor. They remain in poverty for excessively long periods of time. The families are very likely to receive welfare payments for extended periods. Programs to reduce the number children born to teens through reducing adolescent pregnancy will have long term antipoverty effects. Specific actions include the following. 1) *Integrate Education on Sexual Topics into K through 12 School Curricula throughout the state.* There are a number of experiments being conducted in the state. These need to be

examined for promotion on a statewide basis. Sex education should be a part of general education on health and family life. Where there is community opposition, parent education might be pursued similar to the successful Community Family Life Program in southeast Missouri. 2) *Consider a Program to Promote School-Based Health Clinics in School Systems in which Parental Support is Found.* School based clinics can have a significant impact on the knowledge and behavior of adolescents regarding health practices generally, including sexual behavior. It is important that parental approval for the clinics be obtained before they are established, and, once established, they should be promoted as voluntary clinics which require parental permission before a student can participate. 3) *Give the Highest Priority to the Youngest Welfare Recipients in the JOBS (welfare to work) Program.* Single adolescent mothers are most in need of the full range of intensive educational, counseling and E&T services.

**Option 8: Enhancement of Education, Training and Employment Programs through Coordination.** The following actions are interrelated. They each deal with enhancing the effectiveness of education and employment and training. 1) *Developing One-Stop Shops.* Bring together at one center the services of all agencies that are related to developing independence and enhancing the employment opportunities of low-income individuals. There are many ways in which this can be done. 2) *Common Identification of Clients in the Service System.* Adoption of a common identification number of clients of various state agencies and the JTPA program would facilitate the determination of eligibility for services. The same person may be eligible for various programs for low-income individuals. 3) *Common Application for Programs.* Use of a common application process for various education and E&T programs would simplify the process from the participant's standpoint and would reduce duplicate efforts in different agencies. 4) *Sharing of Resources.* Methods should be found to share resources among education and E&T agencies. If agencies are co-located or share personnel then resources can be made available. Short of this a concerted effort by state level administrators is needed to form cooperative arrangements that ensure that personnel of one agency have access to services at another agency. 5) *Pilot projects in Local Areas.* The best methods of enhancing coordination are not known, although many experiments are being tried in other states. We suggest a series of pilot projects in various parts of the state funded through state revenues, JTPA funds (e.g., JTPA eight percent education coordination funds, JTPA six percent incentive grants), METP funds or some combination of the two. JTPA Service Delivery

Areas in conjunction with community colleges, school districts, Employment Service offices, human service agencies and community based organizations could develop local coordination models. The state would develop guidelines that would include: common assessment of eligibility, common determination of employability and service needs, co-location of services in shared facilities, sharing of personnel, sharing of common resources between agencies, joint funding of programs and other similar goals. 6) *Utilizing Federal Matching Funds.* Missouri should seek to utilize all federal matching funds.

**Option 9: Supplement Employment and Training Funds with State General Revenue Funds.** The Missouri General Assembly could appropriate additional state funds to supplement the largely federally supported efforts of JTPA, METP and JOBS. These might include the following. 1) *Additional Funds for Basic Education and GED training of Poor Heads of Families with Children.* Any effort to increase the basic skills of participants in these programs particularly the thousands of families receiving food stamps and welfare will require a significant expansion of ABE which currently serves about 30,000 individuals annually. 2) *Additional Funds for Training or Higher Education of Poor Heads of Families with Children.* Educational grants could be made available after all other sources of funding have been exhausted. As a rule this program would be limited to Missouri private and public schools.

**Option 10: Increase the Base of Knowledge about Missouri's Families with Children.** One of the striking findings of this study is how little we know about children around the state and the needs of their families. There are a number of areas in which further research is needed. This list is by no means exhaustive but represents several areas in which we believe further research is most needed. 1) *Conduct a Feasibility Study and Develop an Implementation Plan for the Integration of Education and Employment and Training Agencies throughout the state.* 2) *Conduct a Feasibility Study in Missouri of a Child Support System similar to the Wisconsin Child Support Assurance program.* 3) *Conduct a Statewide Feasibility Study of Public Sector/Private Sector Partnerships to Improve the Workplace Literacy of Missouri's Population.* 4) *Conduct a Study of the Child Care Needs of Missouri Families.*

**The Need for a Comprehensive Approach and a State Plan.** One of the goals of this study was to examine options which, if pursued, could significantly reduce poverty among Missouri children by 1995. No one of the policy options presented here is, by itself, likely to do that. Each has the potential to improve the

financial status of some poor families with children. A concerted effort in several areas can produce improvements in many families. Similarly, a single approach may produce only a slight increase in the incomes of the families affected. A concerted effort in several areas may have a cumulative effect on family incomes.

Furthermore, the alternatives presented are not unconnected. Assisting families with child care or medical insurance may make training, work experience or employment more feasible. Helping a teenage girl to delay parenthood may make it easier for her to finish school and become self-supporting. Improving child support payments may ease the strain of childrearing enough for a mother to hold a job. Developing jobs for low-income parents may slow the descent of some below the poverty line. Anti-poverty efforts can interact.

Substantial reduction in child poverty in the near term, therefore, is not likely without action on a broad set of fronts. However, if public and legislative opinion can be galvanized around a coherent and comprehensive plan of action, it is possible for the state to begin to reduce poverty among its children.

# Introduction

One-fifth of the children in the United States live in poverty. If the national rate is applied to Missouri poor children in the state number roughly a quarter of a million.

Official government statistics on poverty are produced each year by gathering information from a national sample of families. The data serves as a basis for good national estimates of poverty, but the sample is not large enough to determine with any confidence the number of children in poverty in individual states. No one knows *exactly* how many impoverished families with children there are in Missouri right now. We do know that the national rate of child poverty has risen steadily for several years to values comparable to the 1960's. We have no reason to believe that Missouri is exempt from this national trend.

It is more difficult to predict the future of poverty among Missouri's children. Uncertainty about the number of poor children in the state means there is no firm starting point for making projections. What is more, if we knew the exact number of poor children we would still have difficulty projecting child poverty rates. Official poverty is simply defined, but the contingencies that keep families poor are complex and are themselves hard to predict. There is no simple formula that will reliably tell us how many people will become poor or remain impoverished in the years to come. Nevertheless, many fear that child poverty is now as high in Missouri as in the nation and that the forces that have increased child poverty in the nation will act to keep it high in Missouri as well.

Uncertainties coupled with concern about the future of the state's children led to the first two tasks of this report. The Institute of Applied Research was asked *to determine the number of children in poverty at the present time in Missouri and to project the likely number of children in poverty by 1995*. These two issues are addressed in the first two parts of this report. The first part aims at understanding the problem of child poverty; the second at estimating and predicting child poverty.

The third task was *to determine feasible and effective policies and programs to reduce child poverty in the state*. The focus was to be on state and locally initiated programs.

Uncertainty about the number of poor and the dynamics of poverty in Missouri complicates the question of how the proportion of the state's children living

in poverty might be reduced. It is obvious that giving money, or the goods that money can buy, to poor families relieves the stresses of poverty. Money is now provided to families in need. Some would describe the level of support as niggardly and others as overly generous. Whatever one's sense of the adequacy of payments and other benefits to the poor, the removal of government transfers, such as social security, welfare benefits, payments to the handicapped and other similar benefits, would throw many into poverty and would exacerbate the financial problems of the already poor. The proportion of the population that is now poor would increase by several percentage points. The problem of increasing government benefits, or at least maintaining them at current levels, is addressed in this report.

It can also be shown that wiping out poverty simply by increasing government benefits would be exceedingly costly. An alternative can be found in assisting the poor to support themselves. Most poor parents work and the majority of those who are not working would like to support themselves. For those that do work the problem may be that their work does not pay enough to support a family or is not full-time or full-year. It may also be that they have lost their jobs and cannot find new employment. For those that are not working there are often barriers (lack of education, work experience, training, child care, health insurance, and so on) that make it difficult to find and keep employment. From this perspective the solution to child poverty is to take away the barriers and improve the quality of work for poor parents. This is not an easy task. Indeed, it is difficult to find examples of success in past programs, at least on a scale large enough to make a substantial difference in the child poverty rate. These issues are addressed in the last two parts of this report.

Most existing programs, both government transfers and preventive programs, receive their impetus and the bulk of their funding from the federal government. For this reason, it is natural to look first to changes at the federal level to address the issue of child poverty. This analysis is confined to *state and local* policy alternatives. Except for recent changes that will soon go into effect we assume that federal policy will remain as it is now.

*Focus on the Causes of Child Poverty.* There is no doubt that the immediate consequences of poverty are bad for children. Poor children are more often

seriously ill. They die in accidents more often. Babies born to poor mothers are more likely to suffer birth defects, to be premature or to suffer from low birthweight. Poor children are injured and die more often from accidents. Infants and children who are poor are more prone to nutritional problems. Poor children are more likely to be mentally retarded or to suffer learning disabilities. Being poor often means doing less well in the classroom. It generally means doing less well in an academic career. Poor adolescents have the greatest probability of dropping out of school. There are more functionally illiterate individuals among the poor. And so on.

Poverty plays a role in these problems because the powerlessness born of poverty increases the likelihood that children will encounter sources of damage in their lives and will be deprived of opportunities for personal and psychological enrichment. For instance, a child that is learning disabled or retarded might not be so if his parents had not been too poor to avoid living in substandard housing where the child was exposed to the lead paint. Another child would not be behind the rest of his class if he had not been born prematurely or with low birthweight because his mother was too poor to afford prenatal care. Still another child would not have dropped out of school early if he had not lived his early life in such a dull and impoverished environment and if his parents had been able to afford stimulating toys and books.

These consequences may in turn become the causes of future poverty insofar as they affect the "life-chances" of poor children in their adult lives. This may have to do with their intelligence, educational skills, interpersonal skills, health or their psychological state. If this is the case then addressing the effects of poverty in the present generation of children may have antipoverty consequences for the next generation.

A broader range of social remediation programs may also be viewed as preventative of poverty. There are many factors other than poverty that reduce life-chances: class barriers, racial and ethnic and gender inequality, physical handicaps and disabilities, family problems, and so on. These are often associated with poverty, however, and it is reasonable to conclude that poverty both influences and is influenced by other problems that restrict people's chances to live a healthy and satisfying life. In this sense, other social programs aimed at correcting related social problems may have antipoverty effects.

However important such programs, we are not proposing that the main causes of child poverty can be found simply in the deficiencies of parents traceable to their childhood. While we believe that the personal and cultural dimension of poverty cannot be ignored

and the effects of poverty are likely to be felt in future generations, we also believe that the primary explanation of increasing child poverty lies in more immediate social forces. These include the worsening financial situation associated with the changing structure of families, shifts in the economy, absence of jobs that pay well or lack of access to them, poor training, lack of transition from education to work and so on.

The central emphasis of this study is removing the causes of poverty among children and thereby reducing the poverty rate. We emphasize recent social and economic changes that might explain why increasing proportions of families with children are living in poverty. We tend, therefore, to look at the immediate antecedents and correlates of poverty. This is *not* a study of ways to relieve directly the consequences of poverty in children's lives. Thus, there is no chapter on nutrition and food programs, on housing, early childhood education or other remediation efforts. However, it is important to bear in mind that the ultimate reason for efforts to reduce child poverty is *improvement in the quality of children's lives*. Poverty is both a cause and an indicator of other problems.

*Poverty Rates.* The latest official data we have on poverty among children in Missouri was gathered in 1980 for the year 1979. So, our problem was finding a method that would permit us to project child poverty from 1979 to the present (1986 was the latest year for which this was possible) and to project it further to 1995. This is risky. Few people realize how limited our information is at the state and substate level concerning the financial status of families. Furthermore, as we have noted, child poverty is not univocal; it is complex. Families are poor for many different reasons. They descend into and climb out of poverty in various ways, subject to different economic and social forces.

Rather than arriving at a single poverty rate we found we were confronted with a range of rates. We have tried to take a conservative stance in this, choosing the lowest rate. Some will not find this satisfactory. This is understandable. We show that there is indeed some basis for concluding that the rates in Missouri both now and in the future are and will be higher than our final low-end choices. In any event, the number of poor children we project presents Missouri with more than enough of a challenge for the next few years. If the problems are worse then the challenges are greater.

*Organization of the Report.* Part One is concerned with understanding the family and demographic correlates of poverty and the economic changes that might be seen as the immediate causes of increasing child poverty. It also takes a closer look at the charac-

teristics of poor children and their distribution in Missouri. Part Two covers our estimates of the current number of poor children in Missouri and the projection of the poverty rates to 1995. It also takes up questions of in-kind benefits in calculating the poverty rate. In Part Three we examine some policies and programs that might reduce the number of children in poverty in the future. Part Four is a summary of these approaches.

# PART ONE

## Understanding Child Poverty

*This part of the report concerns the social and economic forces that affect the rate of poverty among poor families with children. It is divided into three sections. The first is a short discussion of some definitions relevant to understanding official poverty and a first look at recent changes in child poverty rates. The second section focuses on social and economic factors that might explain child poverty. The final section examines the best available data on the characteristics and the distribution of children in poverty in the state.*

In recent years the poverty rate among children in the United States has risen alarmingly. It has, in fact, risen to the point where as a group a greater proportion of children are in poverty than adults. Recent data released by the Census Bureau indicate that the rate remains high. Currently, about 13 to 14 of every 100 persons live in poverty, but among children the rate is about 20 of every one hundred. This means that one-fifth of the children in this country at the end of any given year live in a family with income below the official poverty line. This part of the report is concerned with understanding the changes that have brought about the high rate of child poverty.

### A. Definitions and Current Child Poverty Levels

*In this section we define official poverty and the term "children," and we examine trends in child poverty rates in the United States and in Missouri.*

#### *Definitions*

*Poverty.* For the purposes of this study poverty is defined as the official poverty thresholds established by the Federal Government. This method was developed in 1964 by the Social Security Administration which defined poverty in terms of the capabilities of families to buy food. The poverty threshold was originally defined as three times the annual cost of the U.S. Department of Agriculture's economy food plan for a family.

Since then it has been adjusted annually using the Consumer Price Index to reflect changes in prices. Because larger families have greater needs the poverty threshold is also adjusted for family size. So, the

threshold for any one year is actually a set of thresholds for family sizes from one person to nine or more.<sup>1</sup>

This definition of poverty has been criticized for both underestimating and overestimating the number of poor in the United States. And, as a quantitative measurement, there is little actual difference in the lives and problems of families just under and just over the threshold. It has, however, become the standard unit of measuring poverty in this country, and it permits comparisons to be made over time periods and geographical regions.<sup>2</sup>

The statistics that are generated each year, and those used in this report, represent annual cash pre-tax income. This includes income from earnings, interest, pensions (public and private), child support, alimony, social security, unemployment compensation, other social insurance programs, Aid to Families with Dependent Children (AFDC), and other cash welfare programs. Essentially it includes all cash income and benefits of families.

*Children.* Throughout this report, unless otherwise noted, we use the term "children" to refer to the census definition: *related children under 18 years of age living in the family*. The Census Bureau uses the term "own children" to refer to sons, daughters, step-children, or adopted children of a family. The term related children includes own children and all other individuals in the family under 18 years old except the head or the spouse. This definition includes most children in Missouri (98 percent) and the nation.

#### *The Rising Child Poverty Rate in the U.S.*

The graph in Figure 1.1 traces poverty rates of the U.S. population as a whole and children for the period from 1959 to 1987. The line for the poverty rate among children shows the number of children out of every 100 each year who lived in families with incomes below the official government poverty thresholds. The other line shows the rate for people of all ages.

The rapid decline in poverty during the sixties and early seventies reflects the last years of general improvement in the financial well-being of Americans across income groups in the post-war period. The years between 1973 and 1979 were marked by fluctua-

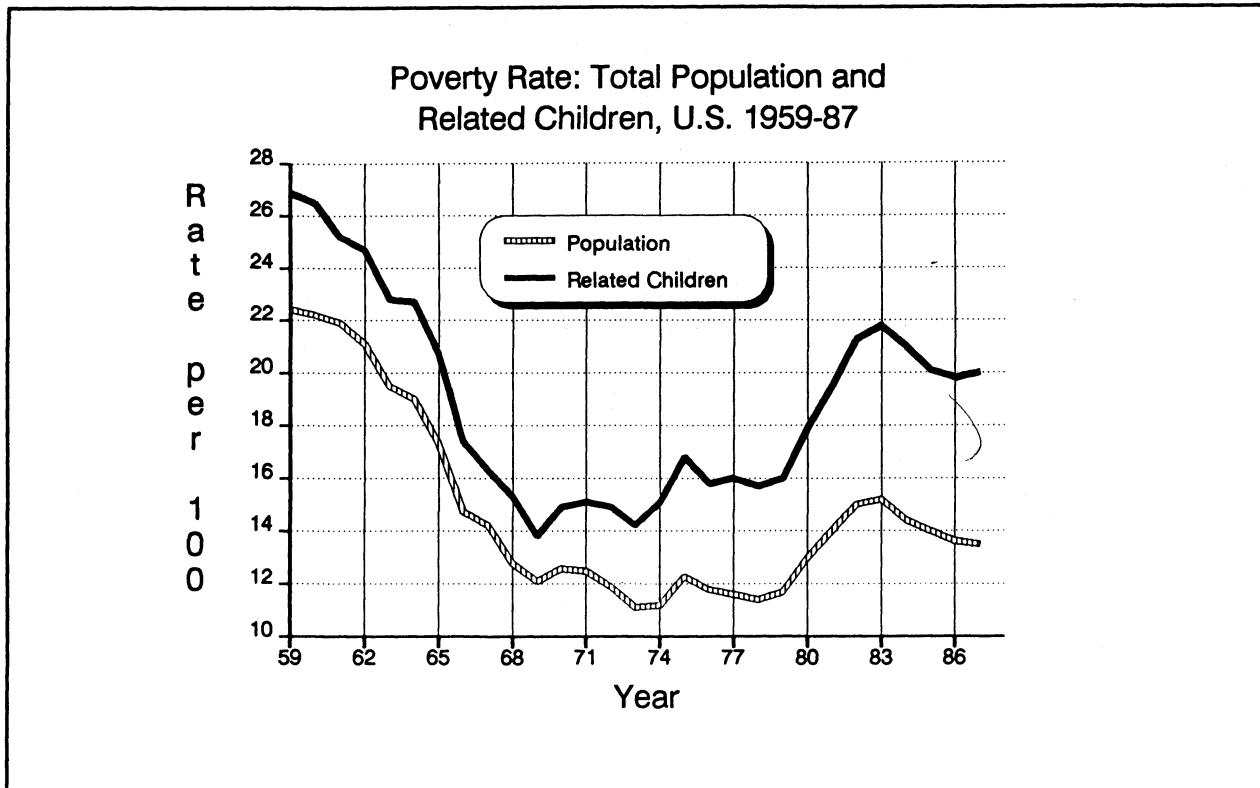


Figure 1.1

tions in the poverty rate. The dramatic rise in the curve from 1979 to 1983 was caused by the recessions that occurred during that period. The poverty rate for the population as a whole has declined since 1983, although for the period 1985 to 1987 it has continued to hover between 13 and 14 percent.<sup>3</sup>

Changes in child poverty rates have tended generally to mirror the rates of the population. What is striking about changes since the late sixties, however, is the gradual separation of the trend lines. Child poverty has grown worse than poverty for other age groups. When total poverty rose, child poverty rose more. Declines in total poverty saw smaller proportionate declines in child poverty. In 1970 the child rate was 18 percent higher than the population rate. By 1980 it was 32 percent higher. The national rate of poverty for the total population in 1987 had fallen to 13.5 percent while the rate for children was 20.6 percent, which was 48 percent greater.

### *Child Poverty Rates in Missouri*

Although official poverty statistics are available for the nation as a whole on a yearly basis, the Census Bureau provides estimates for states and for substate areas only at the time of the decennial censuses. The most recent official rates for Missouri, therefore, are over nine years old at the time of this writing, since the

poverty rate from the 1980 census is based on the 1979 income of the Missouri population.

In the interim the Institute for Research on Poverty (IRP) at the University of Wisconsin, Madison has published estimates of rates of poverty for the total population of each state. These are based on their analysis of yearly census data. The most recent rates published are for 1985.<sup>4</sup> There are no official or unofficial estimates of the child poverty rates for states beyond the 1980 census. We have estimated the state population poverty rate for 1986 using the same method employed by IRP and the state child poverty rate using a method we have developed. These are explained in detail in the Part Two.

The Missouri poverty rate declined from 1969 to 1979 (cf. Figure 1.2). Whether poverty dipped lower than the 1980 rate during the 1970's as it did nationally is not known. The state had a higher rate of poverty for its whole population than the U.S. at the time of both censuses. This may have been due to the proportionately greater number of elderly poor in the state.

Child poverty, on the other hand, was higher than the national rate in 1969 (U.S.: 13.8; MO: 14.9) but lower in 1979 (U.S.: 16.0; MO: 14.6). At least two differences in Missouri may have accounted for this. Missouri had a lower unemployment rate in 1979 than

Poverty Rate: Total Population and Related Children, Missouri 1969-86

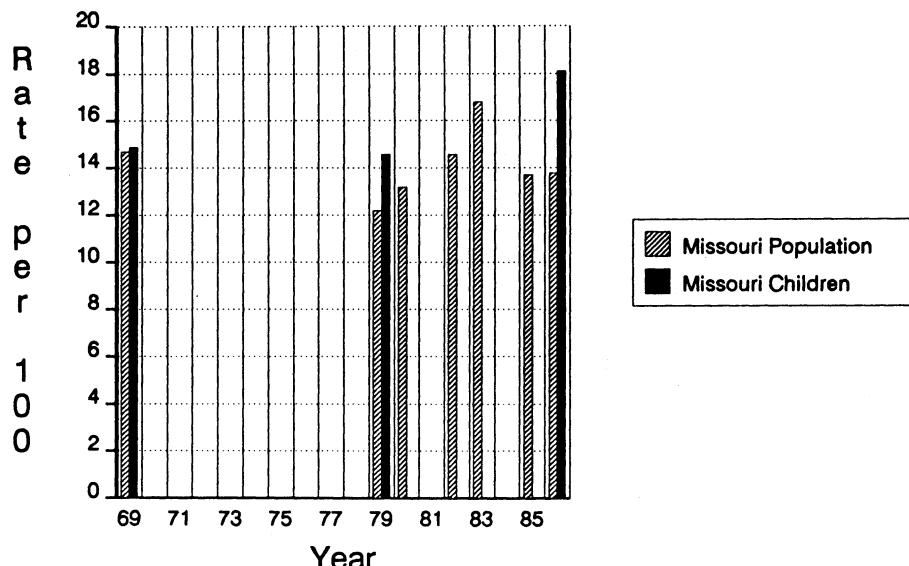


Figure 1.2

the U.S. as a whole (U.S.: 5.8; Mo: 4.5). The state also had a lower rate of family poverty among mother-only families (U.S.: 39.6; MO: 35.8) as well as a lower proportion of children in mother-only families. The importance of these elements will be seen further on in this part. The pattern of changes going on in Missouri, however, closely resemble those of the nation as a whole, as we will see. This includes the widening gap between the poverty rates for the general population and those for children--some of which can be explained by the steady decline in poverty among the elderly in the country and the state.<sup>5</sup> It is for this reason that we project a substantial increase in child poverty in the state after 1979.

The estimates of the Institute for Research on Poverty of Missouri's total-population poverty rate after 1979 (shown in Figure 1.2) parallel changes in the U.S. rate (that is, an increase corresponding to the 1983 recession and subsequent decline). The 1986 child poverty rate shown (18.2 percent) is our projection, and one which we believe to be conservative.

Such large proportions of poor children is a new phenomenon in the state's history. To understand it and to begin to consider what can be done about it is necessary first to examine the link between child poverty and family structure.

## B. Social and Economic Changes Associated with Child Poverty

*In this section we examine changes in family structure and the economic circumstances of families with children which have contributed to the increase in poverty rates among children.*

*We first show that demographic changes have occurred that have led to an increase in children in mother-only families. These families are more likely to be poor. In addition, non-white and larger families have a higher probability of poverty.*

*Furthermore, the economic status of all families with children has been changing. Family incomes have declined and the gap between rich and poor families has increased over the past 15 years. We have offered essentially three explanations for this. 1) The value of earnings of family heads has declined. More family heads now have difficulty earning enough to keep their family out of poverty. Most heads of poor families work. They just cannot earn enough to stay above the poverty level. 2) Mother-only families have increased and children in such families have increased. These families are worse off financially for several reasons. The heads of mother-only families work less and when they do work they earn less. There is only one earner in such families meaning the potential for two-earner family income is missing.*

*They receive pitifully small amounts of child support from absent fathers. 3) The value of government means-tested benefits to families with children has declined. In contrast the value to the elderly and the disabled has grown steadily and significantly over the last 30 years.*

### Child Poverty and Family Structure

In a true sense all young children in and of themselves are poor. They are dependent on their families for sustenance. Child poverty then, and this corresponds with the official definition, refers to the circumstances of children in poor families. The question of why so many children are poor must be rephrased into why so many families with children are poor.

**The Increase in Mother-Only Families.** One of the reasons for the rising poverty rate among children has been the dramatic increase in mother-only families over the last 30 years.<sup>6</sup> These families consist of a woman and her children. They must rely on a single wage earner or on public assistance.

Figure 1.3 shows that in 1986 in the United States there were nearly 34 million families. Of these, 26.7 million were male-present (nearly all two-parent families) and 7.1 million were mother-only. The number of mother-only families more than doubled since 1959 when they made up only 2.5 million out of a total of 26.9 million families. The same data is shown as percentages connected into trend lines in Figure 1.4. The pattern is obvious from both graphs: male-present families are decreasing and mother-only families are on the increase.

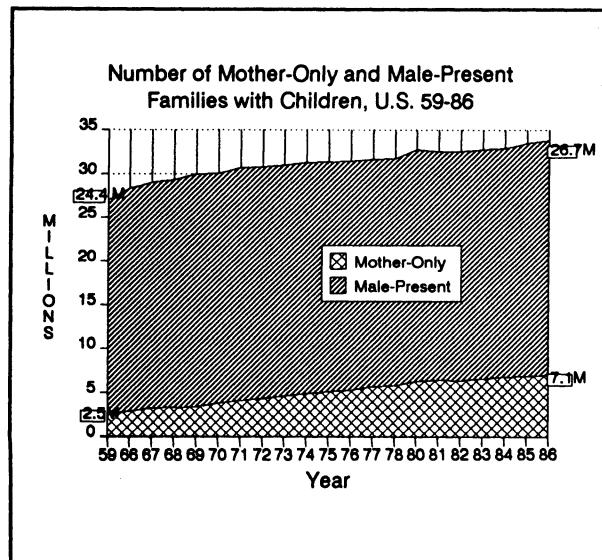


Figure 1.3

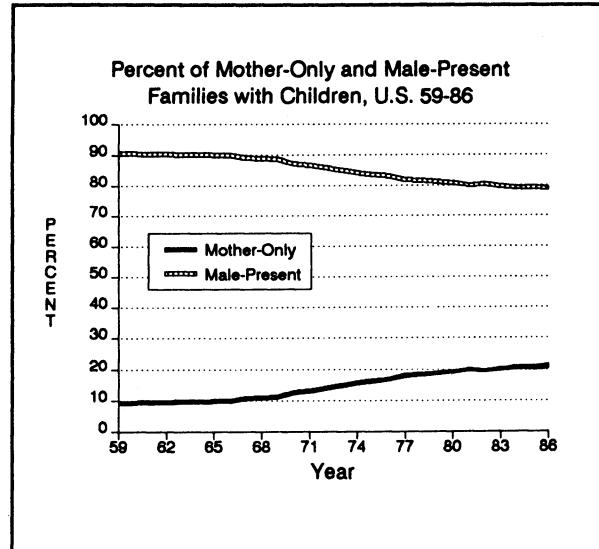


Figure 1.4

The data available for Missouri is more limited but shows essentially the same pattern as the national data. Mother only families increased from 71 thousand in 1970 to 106 thousand in 1980, representing a change from 10.8 percent to 15.5 percent of all families over the 10 year period (Figures 1.5 and 1.6).

The are many demographic reasons for the increase in these families: increases in the divorce rate and decreases in the marriage and remarriage rates of women with children. Increasing proportions of women with children have become divorced; decreasing proportions have remarried, or they have been slower to remarry. Increasing numbers of women

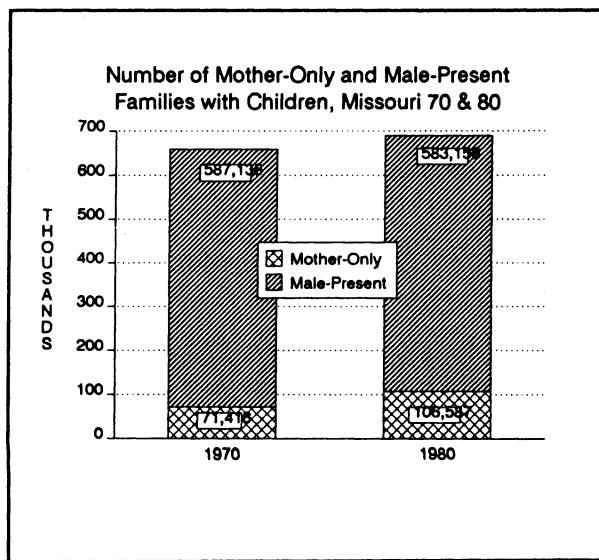


Figure 1.5

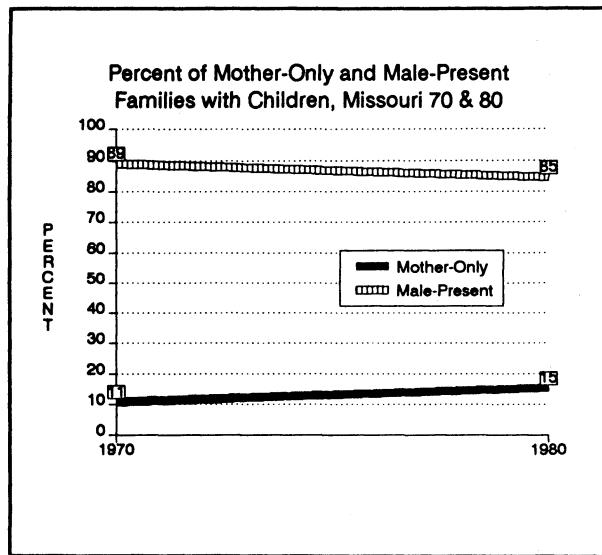


Figure 1.6

have born children outside marriage and have remained unmarried.

The reasons lying behind these changes are much more complex. Changes in sexual norms, changes in attitudes about divorce, the greater independence of women, the loss of earning power among men, the increase in employment among women, all have been cited as factors which have contributed to the rise in mother-only families.<sup>7</sup> A recent hypothesis to explain the dramatic increase in mother-only families among blacks proposes that very high unemployment rates among black men have caused serious disruption for black families and reduced the number of black men seen as able to support a family. This has depressed marriage rates and increased divorce rates.<sup>8</sup> There are also those who argue that the welfare system itself has contributed to the growing numbers of mother-only families.<sup>9</sup>

*Children in Mother-Only Families.* The increase in mother-only families has meant that a growing proportion of American children live in such families. This can be seen for the nation in Figure 1.7 and for Missouri in Figure 1.8. Nationally the rate jumped from 8.8 percent of all children in families in 1959 to 20.6 percent in 1986. Currently at the national level, in any one year, about one in five children live in mother-only families. Since census figures present a snapshot of the population each year, many more children pass in and out of this status over a several year period than are counted in any one year.

The same pattern of increase can be seen in Missouri in Figure 1.8. Children in mother-only families went from 11.2 percent of all children in families in

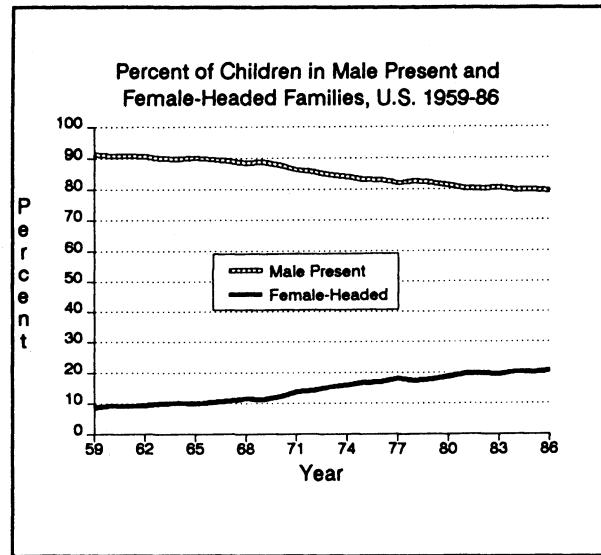


Figure 1.7

1970 to 15.6 percent in 1980. The rate of increase of this proportion was slower for Missouri than for the nation as a whole (U.S.: 12.2 to 18.7 or a 53.3 percent increase; Missouri: 11.2 to 15.6 or a 39.3 percent increase).

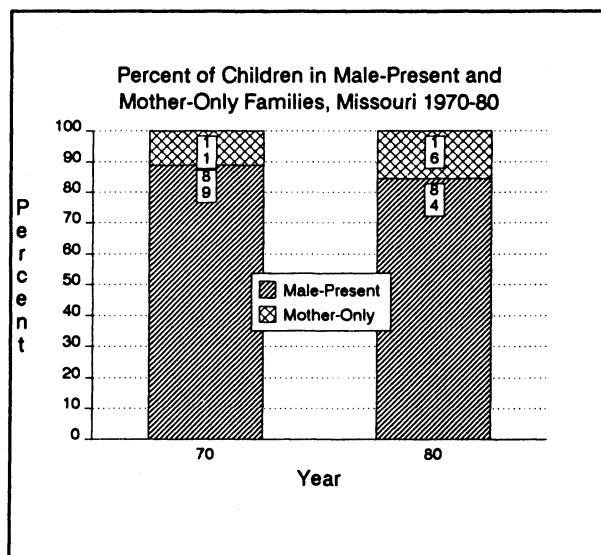


Figure 1.8

*Poverty in Mother-only Families.* The increase in the proportion of children who live in mother-only families, has led to a steady increase in the proportion of poor children who live in such families.

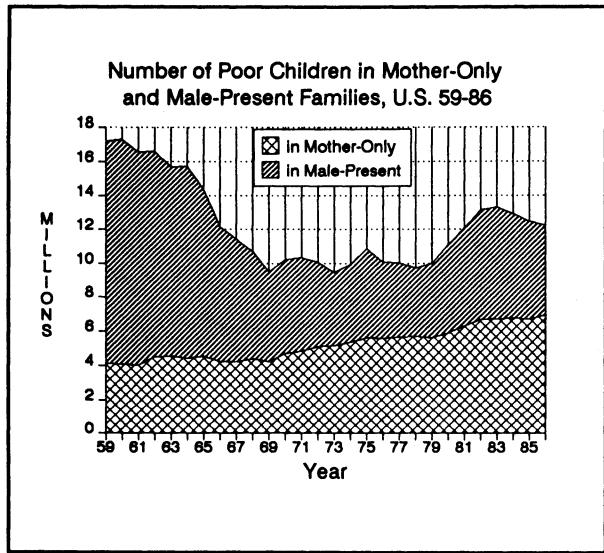


Figure 1.9

Figure 1.9 charts the U.S. population of children in poverty from 1959 to 1986. The graph splits the population into poor children in male-present and those in mother-only families. This graph does not show the poverty rate but the number of children in poverty. It is interesting to note that the total number of poor children in 1986 (12.2 million) was higher than the number twenty years earlier in 1966 (12.1 million), even though the number of U.S. children had declined significantly in this period. This accounts for the rise in child poverty rates.

Mother-only families are significantly more at risk of poverty than are two-parent and father-only families. In 1986 the poverty rate of two-parent families was 8 percent; the poverty rate of father-only families was 18 percent; and the poverty rate of mother-only families was 46 percent. The poverty rate for children in two-parent families was 11 percent; the poverty rate of children in mother-only families was 55 percent. As the number of mother-only families has increased, so have the proportion of children living in poverty.

The other thing to note about Figure 1.9 is that the population of poor children in male-present families tends to fluctuate. In contrast, children in mother-only families show a much steadier increase. Two-parent families (all of which are in the male-present area of the graph) are much more affected by economic cycles than mother-only families. A downturn in the economy and rising unemployment plunges the income of many of these families below the poverty threshold as householders are thrown out of work. The income of mother-only families as a whole tends to respond much less to cycles of unemployment

and inflation, since fewer of these families have a householder who is employed or employed consistently.

The percentage of children in the two types of families, therefore, varies with economic changes. The same data is presented as percentages in Figure 1.10. Notice that the percentage of children in mother-only families exceeded 50 percent for most of the 1970's and reached its peak as a proportion in 1978. During the recessionary period from 1979 to 1983 the proportion dropped due mainly to increases in the number of poor children from male-present families during those years. With the economic recovery after 1983 the two lines are again diverging.

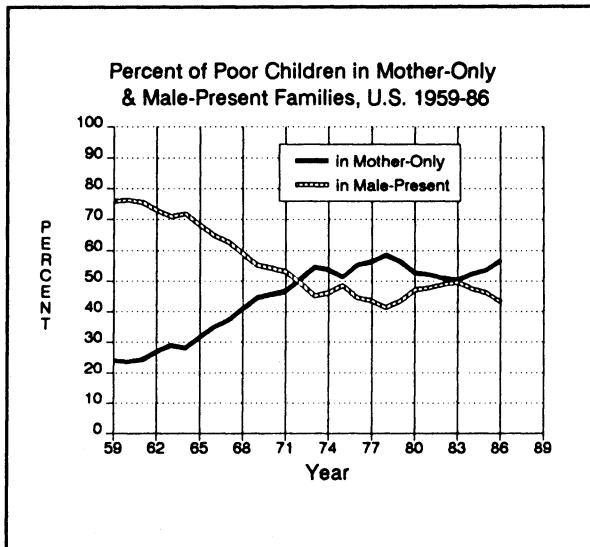


Figure 1.10

The equivalent graph for Missouri based on decennial census statistics is contained in Figure 1.11. This graph shows the percentage of poor children in mother-only and male-present families for the state in 1969 and 1979. It shows an increase of the proportion of poor children in mother-only families from 38.7 percent in 1969 to 47.0 percent in 1979.

The actual number of poor children in mother-only families in Missouri reflects the national trends. The total number of such children has increased from 1969 (89.9 thousand) to 1979 (91.9 thousand), although the increase was not as rapid as the national increase.

The poverty rate of children in mother-only families actually decreased as a whole during the 1970's. The poverty rate among these children has traditionally been very high, but it dropped from 56 percent nationally in 1967 to 50 percent in 1980. With

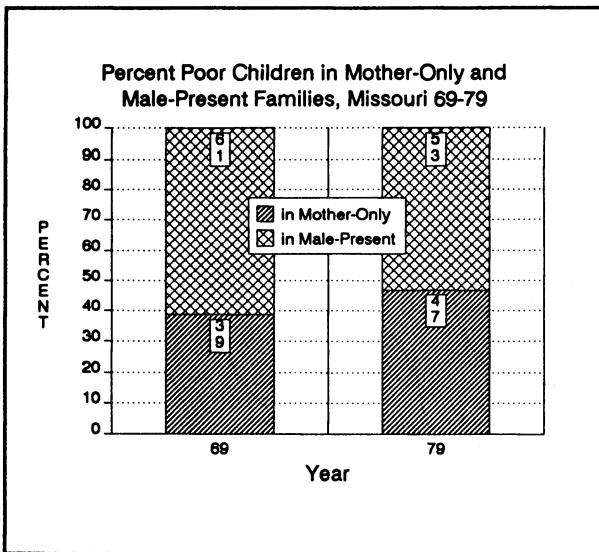


Figure 1.11

the severe recessions in the 1979 to 1983 period the poverty rate increased again for these children to pre-1970 levels. By 1983 the poverty rate for children in mother-only families was at 56 percent. It did not fall significantly, however, with the recovery, and by 1986 was still at 55 percent.

### Race and Family Size

Family structure is not the only demographic variable related to poverty. Two other significant factors are ethnicity and family size.

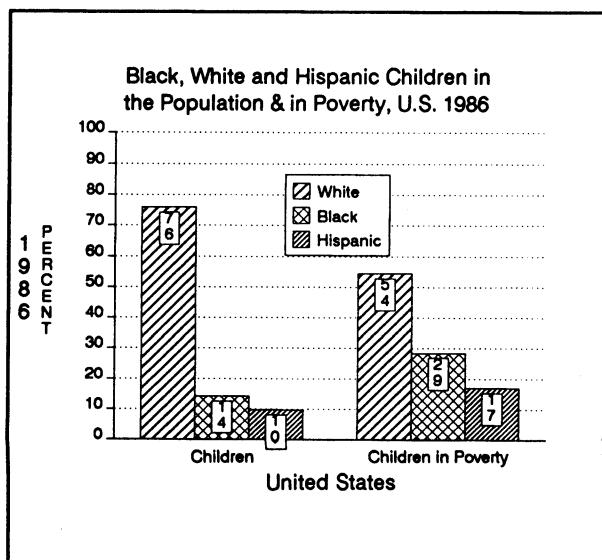


Figure 1.12

**Poverty and Race.** The population of poor children is composed in the main of white children. Black and hispanic children, however, are found among the poor in proportions greater than they are represented in the total population. This can be seen for the U.S. as a whole in 1986 in Figure 1.12. Black children constituted only 14 percent of the total population of children but 29 percent of the population of poor children. Similarly hispanic children constituted about 10 percent of the population of children but 17 percent of the population of poor children.

The latest comparative figures for Missouri are from the 1980 census. A similar pattern can be seen in Figure 1.13. Black children in Missouri made up 13 percent of the population of children but 32 percent of the poor children. Looking at black children by themselves, the poverty rate was very high: 35 percent in Missouri in 1979. The poverty rate for all children in the state was less than half this amount (14.6 percent).

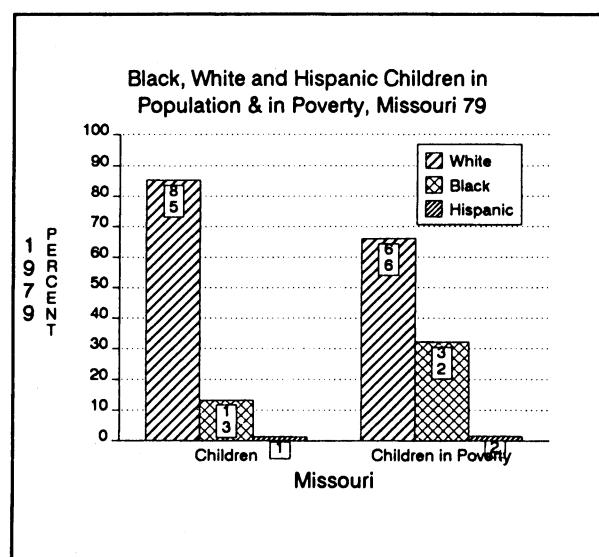


Figure 1.13

The majority of poor black children in both the United States as a whole (in 1986) and in Missouri (in 1979) were in mother-only families (Figures 1.14 and 1.15). In part this is due to the greater percentage of black children generally in mother-only families. In addition, black families are poorer as a whole than white families. And, the poorest of these are mother-only families.

**Poverty and Family Size.** Finally, the family size is related to poverty. Poverty thresholds are set higher for larger families, yet more larger families are poor. Figure 1.16 shows the relationship for the nation as a

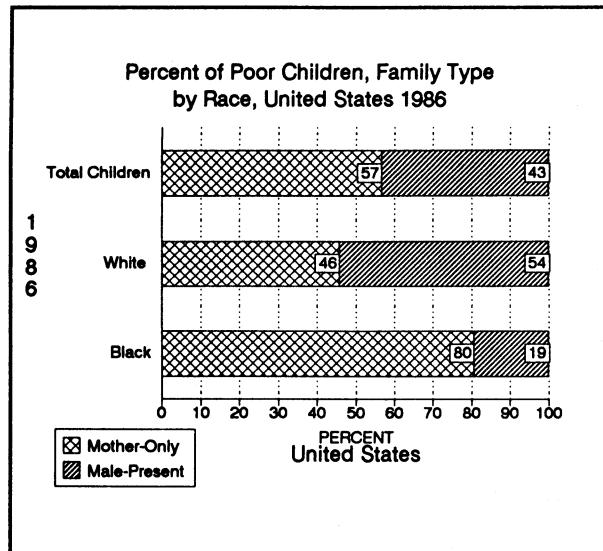


Figure 1.14

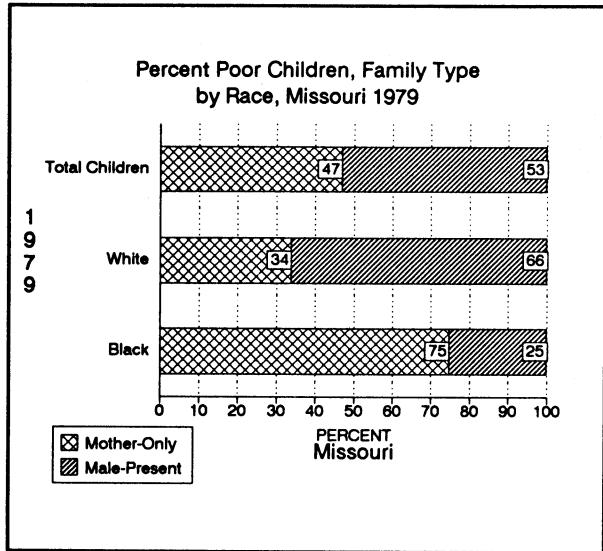


Figure 1.15

whole between family size and percentage of families in poverty. For both blacks and whites and for all families and mother-only families the relationship is apparent. The larger the family the more likely it will be poor. This is another cause of higher child poverty rates in comparison to other population groups: families with more children are more likely to be poor.

**The Additive Effect of Demographic Variables.** A comprehensive study of children in poverty was completed in 1985 for the U.S. House of Representatives which included an analysis of changes in the population of children in poverty in relation to the race of the child (black or white), the type of family

(mother-only or male-present) and family size.<sup>10</sup> Changes for the period 1970 to 1983 were examined. The results show that children in mother-only families, black children, and children in large families tend to be poorest. These factors appear to have an additive effect, that is the highest poverty rates are found among black children in large mother-only families.

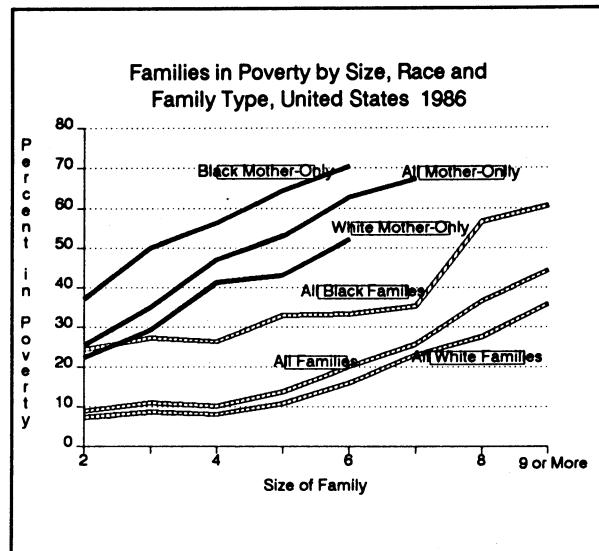


Figure 1.16

Each of the three elements (race, family type and family size) both independently and in combination increase the likelihood that a particular child will be classified as poor. In Missouri in 1979, a child in a mother-only family was about three times more likely to be poor. For black children the probability of poverty was about two and one-half that of all children.

### *The Changing Economic Status of Families with Children*

Over the last 15 years significant changes have occurred in the economic standing of young families and families with children.

**Stagnant Income.** One of the striking changes in the economy that has occurred since 1973 has been the stagnation of income. While family income (in constant dollars) increased substantially and steadily in the two decades following the Second World War, it stopped growing in 1973. Table 1.1 shows how family income has remained at about the same level over the last 15 years.

**Table 1.1 Median Family Income**

Year	(Constant 1987 Dollars)
1947	15,422
1967	27,003
1973	30,820
1979	30,668
1987	30,853

This table shows data for all families. The same stagnation has occurred among two parent families whose head works full-time. This is reflected in the changes in the income of full-time male workers. Looking at Figure 1.17 we can see that their median income (expressed in constant 1987 dollars) increased steadily in the country from 1947 to 1973. In 1947 it was \$15,422 and by 1974 it had risen to \$30,820. Since that time earnings have stopped their steady increase and have declined and fluctuated. The net effect has been a leveling of income growth from 1973 to 1987. In 1986 the income of the average full-time U.S. male worker was below 1969 levels. Thus, the changes in family income would not appear to be due simply to increases in part-time or part-year work.

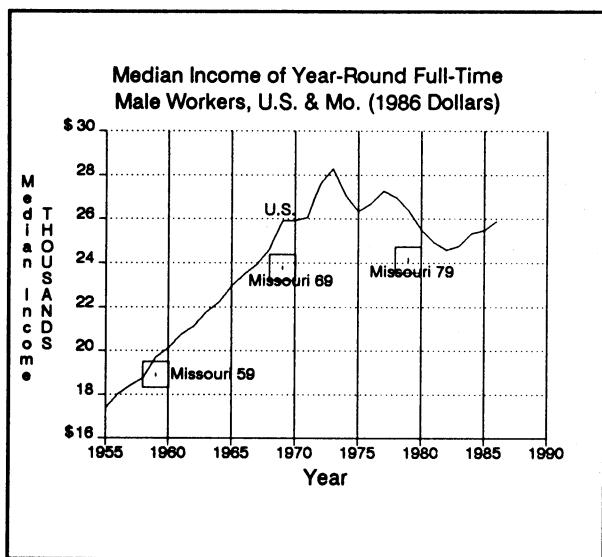


Figure 1.17

Data for Missouri from the decennial censuses is also shown in the Figure 1.17. Missouri incomes are consistently lower than the national average, but there is no reason to assume that they depart from the national pattern.

*Young Families.* These changes are especially apparent in young families. Two recent studies have il-

lustrated this. One conducted by the Children Defense Fund shows that the median income of young families with children fell by 26 percent between 1973 and 1986.<sup>11</sup> During this same period, the poverty rate for young families rose from 12 to 22 percent. The greatest increases (three-fourths) occurred during the 1980's. An analysis by the Economic Policy Institute shows similar results for young families between 1967 and 1987.<sup>12</sup> The median income for families with heads in the under 25 years age group and in the 25 to 34 year age group showed increases between 1967 and 1973 but steady decreases from 1973 to 1987, when measured in 1987 constant dollars. "The average income of families headed by someone under age 25 declined at an annual rate of almost 3 percent since 1979."<sup>13</sup>

*Growing Inequality.* Frank Levy has noted that during the period from 1947 to 1973 income inequality in American society remained roughly constant, "but the whole income distribution kept moving to higher levels as most people improved their situation."<sup>14</sup> This pattern ceased in the period following 1973.<sup>15</sup>

A special study of families with children in poverty was done at the Institute for Research on Poverty.<sup>16</sup> This study shows that inequality in incomes has increased for families with children. The comparative bar graphs in Figures 1.18 and 1.19 illustrate this change. In Figure 1.18 the share of aggregate income received by each quintile of all U.S. families is shown. A slight decline is evident in the aggregate share of families in the first and second quintiles and an increase in the share of families in the highest quintile. The increases and decreases are modest. The lowest

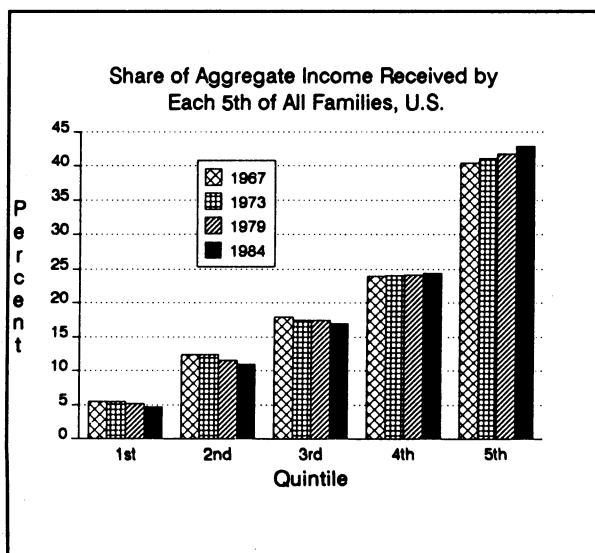


Figure 1.18

quintile's share went from 5.5 percent of aggregate family income in 1967 to 4.6 percent in 1984. The share of the top quintile went from 40.4 percent of aggregate income in 1967 to 43.7 in 1984.

The study made special computations limiting the families counted to those with children. The results of this analysis are shown in Figure 1.19. The changes in income share are steeper than those in the previous figure. Families with children in the lowest quintile went from 6.6 percent of the aggregate income in 1967 to a 4.2 percent share in 1984. In the highest quintile the share of such families changed from 38.5 percent in 1967 to 42.1 percent in 1984. Thus, the relative ability of poorer families to provide for their children has been declining. Unfortunately comparable income data does not exist for Missouri.<sup>17</sup>

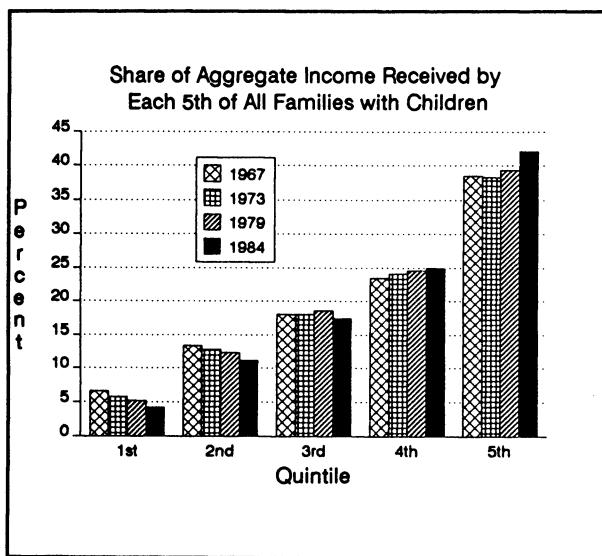


Figure 1.19

**The Poor are Getting Poorer.** The growing inequality of income has meant that many of the poor have been getting poorer. Poor families have fallen further below the poverty threshold since 1973. During the 1980's the speed of the fall has intensified. Table 1.2 shows the average amount by which families in poverty fell below the poverty threshold (in constant dollars). In 1973 an average family in poverty had an income that was \$4,033 below the poverty line. By 1987 this amount had increased to \$4,635. Both the rate of poverty and its severity have increased. Efforts to reduce poverty will be complicated not only by the growing numbers of the poor but by the increased level of resources needed to lift families out of poverty.

The "poorest of the poor" have increased in numbers as well. In 1979 32 percent of the poverty popula-

tion had incomes no more than half the poverty threshold. By 1987 this figure had increased to 39 percent.

**Table 1.2. Mean-Income Deficit of Poverty Families Below the Poverty Line (in 1986 dollars)**

Year	Total	White	Black
1973	\$4,033	\$3,864	\$4,378
1979	4,229	4,066	4,470
1987	4,635	4,357	5,179

### *Reasons Why Families with Children are Growing Poorer.*

We focus on three reasons why the situation of families has changed so dramatically: the reduction in market-earnings of families, the economic plight of mother-only families, and the reduction in the real value of government transfers to families with children.

**The Decline in the Value of Earnings.** It is commonly assumed that if poor people could or would hold jobs they would not be in poverty. Yet a majority of heads of households in poverty do work (cf. Figure 1.20). In 1986, in 75 percent of male-present families with children at least one parent worked during the year; in 62 percent of these families at least one parent worked full time. Nearly one-quarter of single-parent women worked in full-time jobs. For these families, the problem was not simply unemployment, but the inability to earn enough on a job to support a family adequately.

**Work Experience, Householders Age 22-64 in Poor Families w. Children, U.S. 1986**

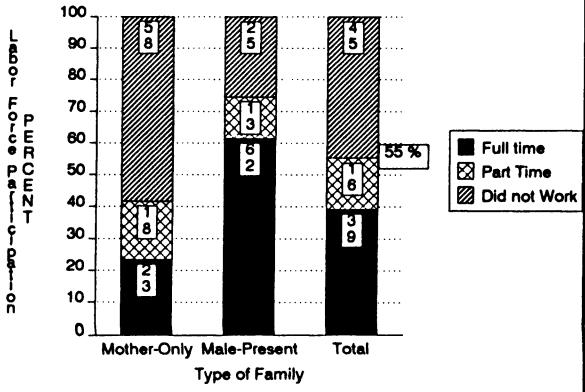


Figure 1.20

This is an important factor in child poverty, especially that of children in two-parent families (who make up about half of all children in poverty) and in the families of single-parent women who work full time. The poverty rate among household heads who work full time, whether men or women, has increased steadily since 1979.

Danzinger and Gottschalk found that since 1973, and especially since 1979, there has been a growing proportion of families with children who have an earner whose weekly earnings are not large enough to keep his or her family above the poverty line.<sup>18</sup> The reason is not an unwillingness to work, but the decline in the real value of earnings among household heads who do work.

From the perspective of the low income earner, the decline in real earnings may be seen as paralleling the decline in the value of the minimum wage. In 1979, a full-time, year-round job at the minimum wage earned an annual income that was \$249 above the poverty threshold for a family of three. In 1987, a minimum wage job earned \$2,101 below the poverty line for a three-person family.

*The Economic Plight of Mother-Only Families.* As was seen earlier (cf. Figures 1.9 & 1.10), approximately half of the children in poverty in this country now live in mother-only families. The important question is why mother-only families are so poor. We will briefly explore three reasons: 1) the women who head these households frequently do not work or work a limited time; 2) when they do work they frequently earn sub-poverty wages; and 3) most receive very limited child support or none at all.

**Work.** Women heading mother-only families engage in *less full time work* than the heads of male-present families. This is illustrated for 1984 in Figure 1.21 using tabulations of David Ellwood.<sup>19</sup> Notice that in the category of all mother-only families about two-fifths of the heads engaged in full-time work (41 percent). While this exceeded the percentage of women in two-parent families who worked full time, it was considerably less than the frequency of at least one parent working in two-parent families. Poor heads of mother-only families worked less than their non-poor counterparts; 39 percent worked either full-time or part-time during this year. "Family responsibilities" was the primary reason given by poor women for not working or for working only part time (62% of respondents). This is also the reason most often reported by mothers in two parent families for not working or working only part-time.

In Figure 1.22 somewhat comparable statistics are presented for Missouri for 1979. Missouri families

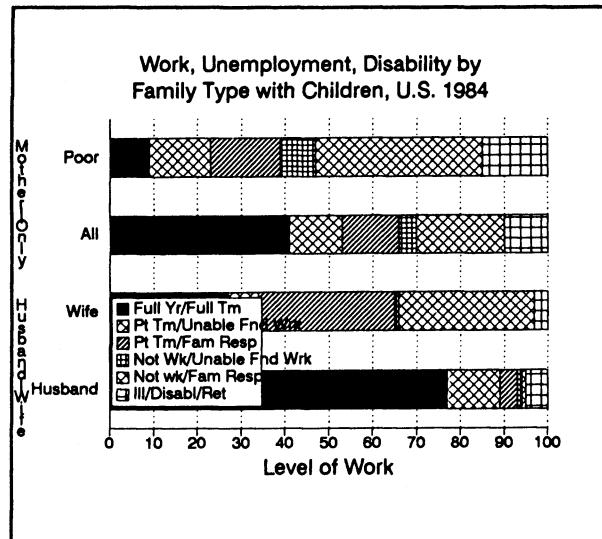


Figure 1.21

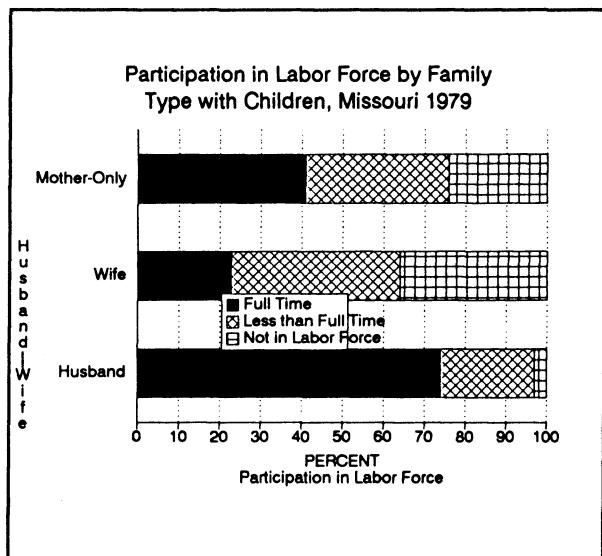


Figure 1.22

with children display labor force participation characteristics similar to the nation. During this year, 75 percent of householders in mother-only families worked at some time; 41 percent worked full-time (50-52 weeks at 35 or more hours per week). Ninety-seven percent of the husbands in husband-wife families with children worked with 60 percent working full time. In addition, 23 percent of wives in such families worked full time.

*Working Female Heads Have Less Family Income.* In Figure 1.23 we see the median income of mother-only families in comparison to all families with children. U.S. statistics for 1986 and Missouri's for

1979 both show that mother-only families are significantly worse off financially.

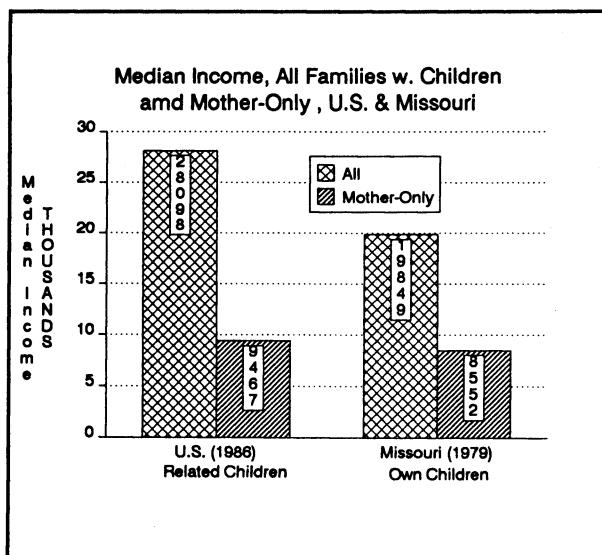


Figure 1.23

In part this is because a greater proportion of the heads of mother-only families do not work and receive welfare. However, even when they do work they have lower incomes. This was documented recently by the Institute of Applied Research in a 1987 survey of working women in Missouri.<sup>20</sup> Figure 1.24 shows shows the family income distribution of those who had children. Over one-quarter (27 percent) of the mother-only families had incomes under \$10,000 and two-thirds (66.4 percent) had incomes under \$20,000. Two

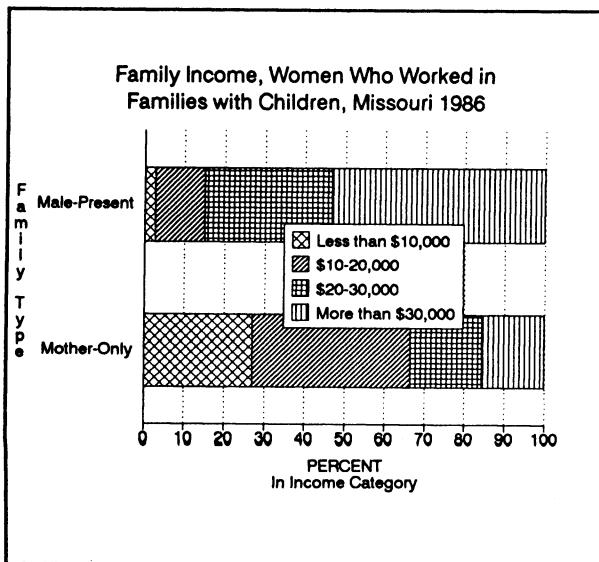


Figure 1.24

reasons for the lower income were that women earn less on the average than men and single parents have only one possible earner in the family.

*Child Support Payments.* Another important reason why mother-only families are significantly poorer than male-present families is the astonishingly low amounts of child support paid by absent fathers. Nationally in 1985 only a small proportion of mother-only families received any support from absent fathers. Figure 1.25 graphs the number of families to which child support was awarded, the number supposed to receive child support in 1985 and the number that actually received some payment. This figure shows women who were divorced, separated or never married during 1985 with children under 21 years old whose fathers were absent from the home.

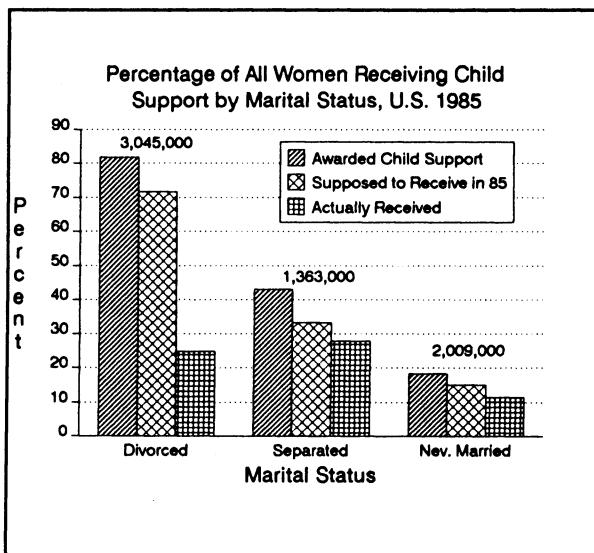


Figure 1.25

The figure represents statistics for 6.4 million women. Although 81.8 percent of divorced women were awarded child support by the courts, only 43.1 percent of separated women and 18.4 percent of never married women had been awarded such support. The bottom line in this table records how many of these mother-only families actually received support during the year. Around one-fourth of the divorced and separated women (24.9 and 27.9 percent) received some child support during the year, but only about one-tenth of the never married women (11.5 percent) were provided any financial support by absent fathers. These statistics are a testimony to a system of awarding child support in this country that makes each instance of support a matter of legal adjudication and poorly enforces payments. In this system the mother is responsible for extracting support from the father.

She must seek the support and she must monitor the payment. As the statistics show, most fathers simply do not pay. In effect the responsibility for supporting the children is forced on the mother, while the father is able to choose whether he will support his children.<sup>21</sup>

Forty percent of the women awarded child support payments in 1985 lived in poverty. Figure 1.26 shows how many of these women received any payments that year.

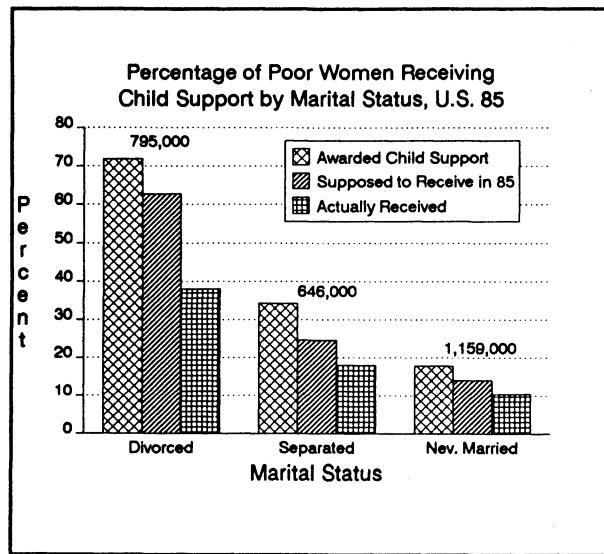


Figure 1.26

With such small proportions of mother-only families receiving support from absent fathers, the next logical question is how much money do those receive who are supported. The answer is very little. Figure 1.27 enables us to compare the total average income with average child support received for poor women and for all women of the three marital statuses. *The bars for child support received shows averages only for women who were paid some support during the year.* The average for all women who received some support was \$2,200. Women with one child received an average of \$1,679. But the amount per child decreases in larger families. Mothers with two children received an average of \$2,597 (\$1,299 per child). Mothers with three children received an average of \$2,800 (\$933 per child). The annual average for poor women was \$1,240 per family. For poor women who were never married the average received was \$900. It bears repeating that the majority of women awarded child support payments received none at all. The minority who did obtain support got an average of about \$183 per family each month.

**Missouri Child Support.** Between 1985 and 1987, 36 percent of mother-only families in Missouri received some child support. Among the poor this rate was only 21 percent. During these three years (and adjusted to 1986 dollars) we have estimated that among mother-only families which received some support the average annual payment amount was \$2,020 per family and \$1,100 per child. For poor families the amount received by those who received any was \$1,159 per family and \$525 per child.<sup>22</sup>

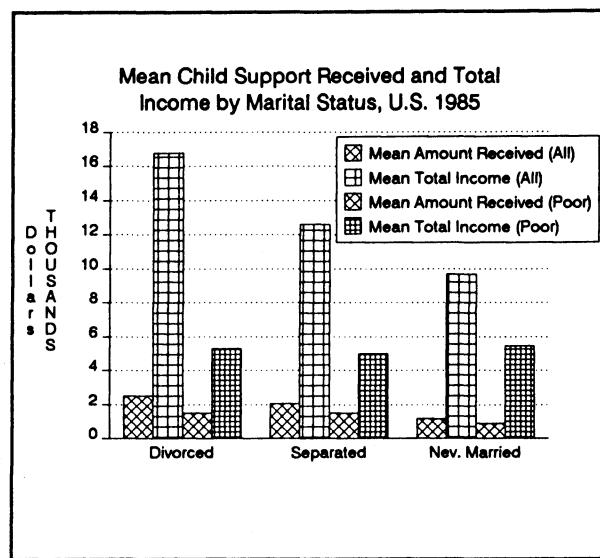


Figure 1.27

**The Diminishing Value of Government Transfers to Families with Children.** The total value of government transfers has increased enormously since 1960. Why then has poverty among children increased so sharply? It is useful to ask where these increased funds have gone.

Poverty rates among the elderly have declined steadily since the early 1960's. The proportion of the poor that is constituted by the elderly has declined as well. One of the reasons for this is the continuing increase in government benefits for the elderly portion of the population. Figure 1.28 shows federal transfer payments in constant 1984 dollars.<sup>23</sup> What is immediately obvious from this graph is that the real dollars going to the elderly have increased fivefold in the period between 1960 and 1984. Similarly government transfers to the injured and disabled have increased over four times in the same period. It is in the third category (all others) where we find most families with children. The total transfers in this category showed a fourfold increase from 1960 to 1976. In the period

following, however, the real value of these transfers as a whole declined by over 15 percent.

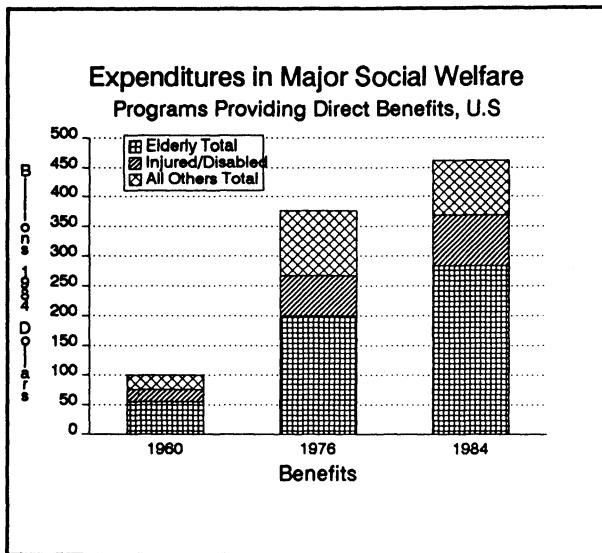


Figure 1.28

The portion of these transfers that most affect lower income families are the public assistance, food assistance and the housing and energy assistance programs. These are the bulk of the "means-tested" programs. To qualify for these a family must have income below a certain low income threshold. Changes in these programs, excluding medical benefits, are shown in Figure 1.29. There was a slight increase in food stamps/child nutrition programs between 1976 and 1984--modest in comparison to the increases of

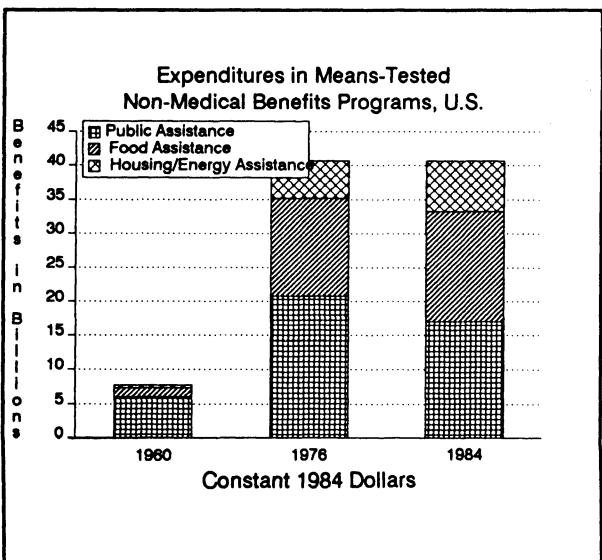


Figure 1.29

benefits to the elderly and disabled. Public assistance, which is made up primarily of AFDC, actually declined in real terms since 1976. This decline came as a result of action by states to freeze the rate of increase in benefits or to reduce them. More recently it resulted from federal cutbacks or diminished rates of increase in programs.

Comparisons for Missouri are shown in Figure 1.30. Looking at AFDC benefits for a family of three, Missouri's maximum benefit increased in current dollar values from \$203 in 1977 to \$282 in 1988. Adjusted for inflation, however, this apparent increase was actually a decline. In 1988 dollars the maximum benefit was reduced 26.8 percent over its 1977 value. Missouri's ranking among the 50 states and the District of Columbia on this index of AFDC benefits in 1988 was thirty-eighth. This means there were 37 states (and the District of Columbia) whose maximum AFDC benefit for a family of three in 1988 were greater than that of Missouri. Adding in food stamp benefits, Missouri shows a total decline in real dollars of 13.4 percent between 1977 and 1988.<sup>24</sup> These trends mirror that shown for the nation in Figure 1.30.

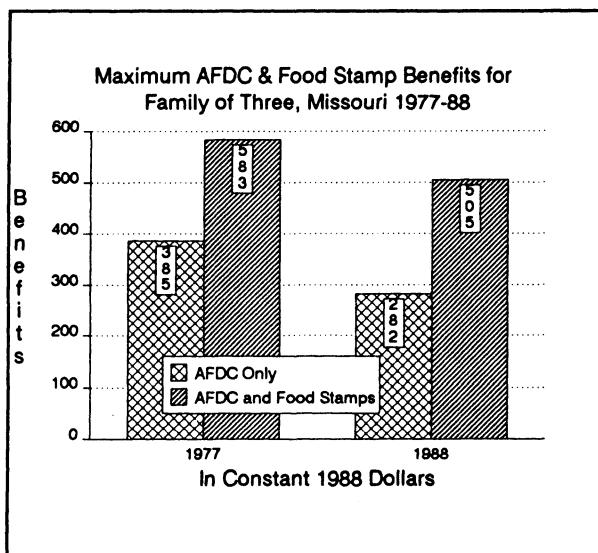


Figure 1.30

*Conclusions.* It should be apparent to the reader who has persevered to this point that the causes of the increase in child poverty are not simple. We have argued in this section that changes in family structure and the financial well-being of families with children may explain the increase in child poverty rates. The themes addressed in this section are the basis of discussions later in the report of policy alternatives to reduce child poverty.

## C. Characteristics of Poor Children and The Distribution of Child Poverty in Missouri

*This section contains descriptive information about poverty among Missouri's children. We first examine the distribution of children by racial category, family type and rural-urban locale. In this we find that the largest category of poor children are white, live in two-parent families and in rural areas. The other large category of poor children are black, living in central city areas. A short discussion of persistence in poverty is presented to extend our understanding of the nature of poverty among different groups of children.*

*The section is then concluded by comparing data relevant to child poverty across Missouri counties. We develop an index of risk to the well-being of children based on several variables that permits Missouri counties to be compared. We show also show the geographic areas in the state with both the greatest proportions and the greatest numbers of poor children.*

### Characteristics of Missouri Children in Poverty

Having briefly examined some of the issues related to the causes of increasing child poverty we can take a closer look at the characteristics of poor children in the state. When we divide the population of Missouri children in poverty into demographic subgroups features emerge that give us a perspective on who these children are. We have used data from the 1980 census--the only data available. Some of the proportions seen here have doubtless changed over 9 years.

Figure 1.31 breaks the population of poor children from the 1980 census into black and white children in mother-only and in male-present families. We have already seen that most children in poverty in Missouri are white. It is also apparent that more than half of poor children in 1979 were in male-present families, and both parents were present in most of these families. The largest single group of poor children was found in white two-parent families. The proportion of poor children in this group rose nationally during the early eighties and then shrank again during the economic recovery after 1983.

Figure 1.32 shows the distribution of all black and white poor children in rural, central city, and other urban areas. The largest single grouping--over one-third--of poor children in Missouri are white and live in rural areas. The next largest category--slightly less than one-fourth--are black children in the central city. Disregarding racial differences, nearly three-fourths

of poor children in Missouri are found either in the central city or in rural areas.

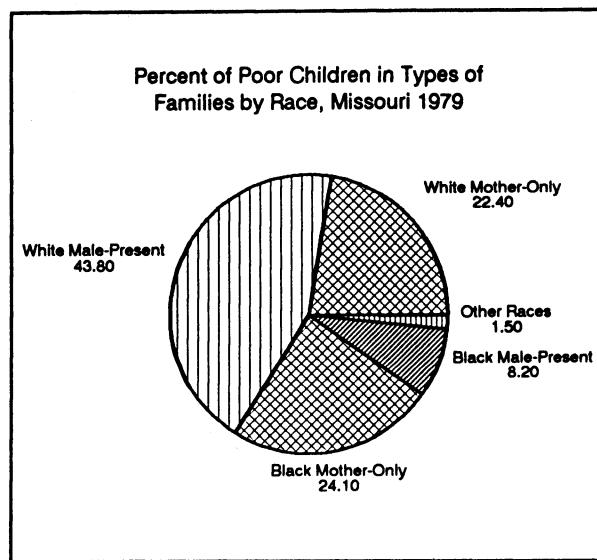


Figure 1.31

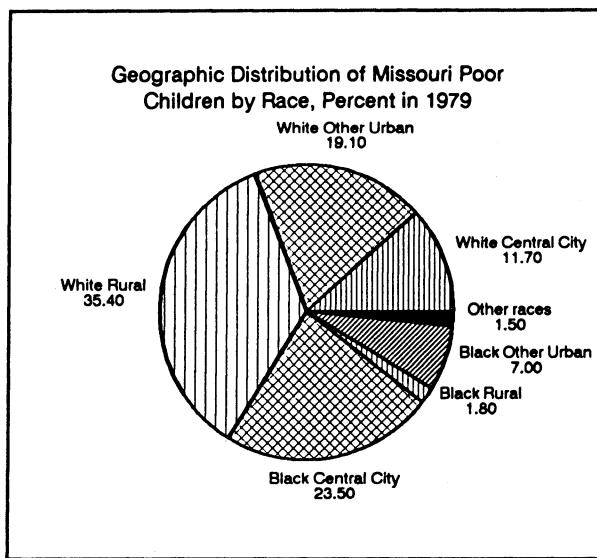


Figure 1.32

*Persistently Poor Children.* Census data provides a snapshot of the poverty population--how many people were poor in a given year and what their characteristics were. But censuses give little information about the dynamics of poverty. They do not tell us, for example, how many families remain poor for several years, or the characteristics of short-term versus long-term poor families.

There is very little information at the national level and none at the state level about the length of time that

children remain in poverty. To study this it is necessary to follow the economic fortunes of a set of families over several years. The only national study to do this was the Panel Study of Income Dynamics (PSID) conducted by the Survey Research Center of the University of Michigan. Income information has been collected on a representative sample of 5,000 American families since 1968. From this study it is possible to obtain a clearer idea of how long poverty lasts in families with children and what types of children are likely to experience persistent spells of poverty.<sup>25</sup>

We have seen that mother-only families are more likely to be poor than families in which a male head is present. They are also more likely to be persistently poor. Analysis of the PSID revealed that mother-only families constituted 61 percent of the families that were persistently poor for eight or more years. This should be compared to the proportion of such families in the total population, which, as we have seen, has been around 20 percent. The PSID data shows that one-third of the families in poverty for eight or more years lived in rural areas (defined as places with population of 10,000 or less). Nationally families in such rural areas constitute about 15 percent of the population.<sup>26</sup> Insofar as Missouri's families resemble the national sample, we might expect to find even more rural children among the persistently poor since Missouri's rural families (in places of 10,000 or less) constitute two-fifths (42 percent) of all families.

Over half of the such persistently poor families were black with slightly less than two-thirds of these being mother-only families.<sup>27</sup>

Duncan and Rogers found that the expected years that a child might live in poverty during his or her first 15 years of life varied greatly by certain characteristics of the parents. These numbers might be thought of as probabilities. *Black* children on the average can expect to spend 5.4 years in poverty as compared to 0.8 years for *non-black* children. Non-black children born to a *never-married mother* will probably spend an average of 6.2 years in poverty as compared to 6.0 years for comparable black children. Non-black children born to a *teen-age mother* will spend 1.2 years in poverty; for similar black children the figure is 5.4 years--the same as all black children. Other factors such as *education* of the parents were also shown to be related to poverty, particularly for non-black children. The *disability* of the head of the family was a powerful factor increasing child poverty for both black (10.9 years) and non-black (3.3 years) children.<sup>28</sup>

Some proportion of the poor population in any one year has been persistently poor. The PSID data was interpreted in earlier studies to indicate that the

proportion of all children poor for long spells (10 to 15 years) was small (less than 10 percent).<sup>29</sup> This would seem to mean that the most debilitating types of poverty are suffered by a much smaller subset of children. There are problems with the way persistently poor families and children were counted in early studies. More recent analyses have suggested that a much larger proportion of the poverty population at a given point in time is persistently poor, and may represent as much as 60 percent of all poor counted each year.<sup>30</sup>

A much larger population of individuals become poor over several years than are represented in the poverty population in any one year. *Most of these are poor for only a short time.* Their stay in poverty is at least a year but it may not be much longer. On the other hand, *most of the people in poverty in any one year are long-term poor.*

### *The Geography of Poverty in Missouri*

Figure 1.33 contains a map showing the rates of poverty in Missouri counties.<sup>31</sup> The counties with the highest rates of children in poverty are found in rural south and southeast Missouri. This part of Missouri has much in common with the geographic area south and east of the state of Missouri--the so called "lower Mississippi River Valley region." However, it is also apparent that most Missouri counties had high rates of poverty among children in 1979. All the shaded counties in the graph had rates of 15 or greater, which were above the Missouri state rate of 14.6 for that year. It is apparent from the graph that certain counties around the St. Louis and Kansas City metropolitan areas, where the poverty rates are somewhat lower, exert a powerful influence on the state rate and mask to some extent the depth of child poverty that exists in other areas.

St. Louis City shows high child poverty rates. County level data is somewhat misleading in the urban areas. Metropolitan areas with relatively low child poverty rates overall contained certain census tracts with extremely high child poverty rates. A detailed analysis of census tracts would show a more varied picture in the urban areas, particularly Jackson and St. Louis Counties and St. Louis City.

## Child Poverty Rate Missouri Counties, 1979

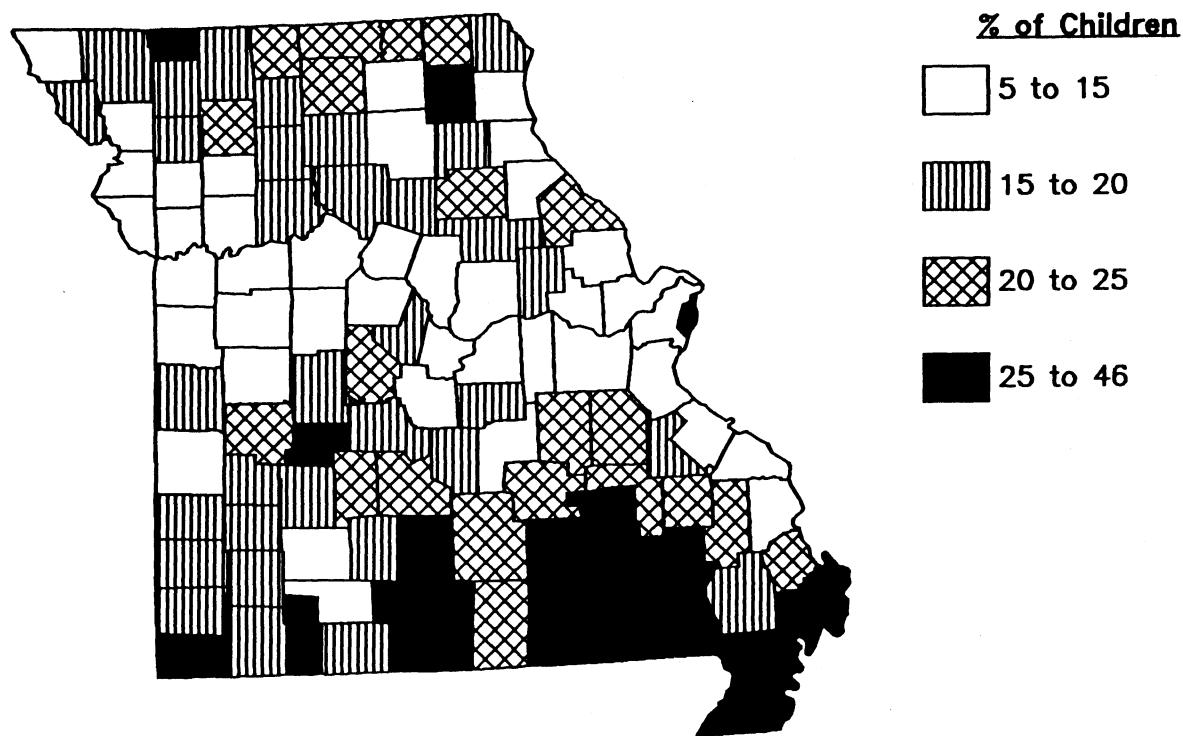


Figure 1.33

### Poverty Rate of Families with Children, 1979

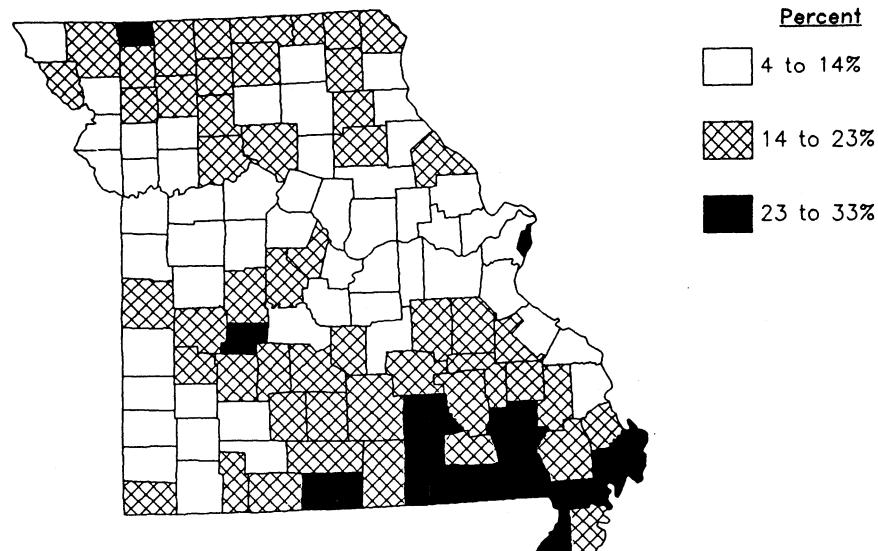


Figure 1.34

### Family Median Income Missouri Counties, 1979

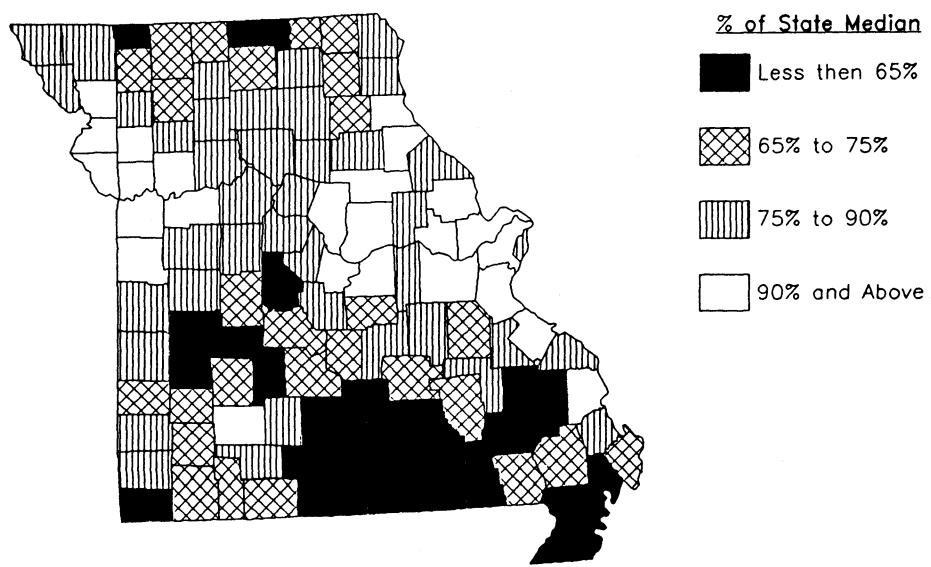


Figure 1.35

## Education Level, Population over 25 Yrs of Age, 1979

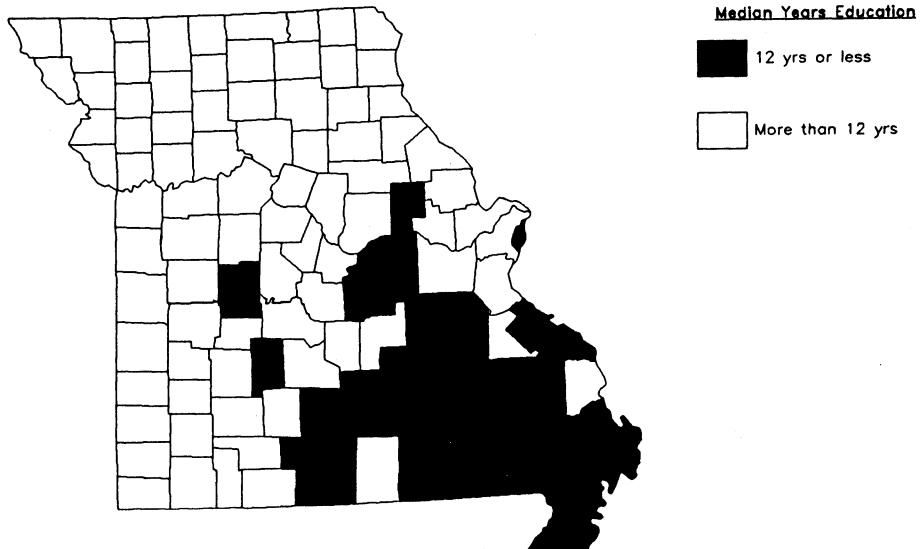


Figure 1.36

In Figure 1.34 we see the poverty rates in counties for families with related children under 18. The patterns appear very similar to those for child poverty.

The pattern of family poverty can be partially understood by examining the average income of families in the counties. In Figure 1.35 we have plotted the median incomes of families in Missouri counties in 1979 in comparison to the State median income. It is immediately apparent that the families in most counties in the state have average incomes significantly below the state average. How can this be? Again, the significantly higher family incomes in certain counties in the metropolitan areas along with the greater population in these counties tends to pull up the state average. Nevertheless the reader will notice that the counties with low median incomes by and large have a high family poverty rate.

We also know that poverty is related to the level of education of heads of families. As a rough indicator of this we show in Figure 1.36 the counties in which the median years of education for individuals over 25 years of age was particularly low. In the shaded counties in the figure at least half of the population over 25 did not have a high school diploma. The median years of education is higher for 18 to 25 year old individuals. But as a comparative index of counties with problems

this map shows that the high poverty rates are associated with lower education levels.

The issue of the distribution of mother-only families is addressed in Figure 1.37. The counties with the highest percentages in the 1980 census were found either in urban areas: Jackson, Buchanan, Boone, St. Louis City and Jasper counties; or, in the poorest rural areas in the Missouri bootheel. There are some differences in the areas with high percentages in this map and the poverty counties shown in Figure 1.34. This is true because the rates of poverty among mother-only families vary greatly in Missouri counties and because the poverty rate of male-present families (not shown) is very high in some locales.

The counties with high rates of poverty among mother-only families, shown in Figure 1.38, correspond to child poverty areas more exactly. The state rate for this year was approximately 44 percent. What is striking here is that many parts of Missouri have exceedingly high rates of poverty among families of this type. We believe the proportion of all families that is headed by a mother has continued to increase in Missouri along with the poverty rate among these kinds of families. If this is so then this map presents a rather mild picture of what exists now.

Unemployment rates have been chronically high in some Missouri Counties. We averaged the yearly

### Percent Mother-Only Families Missouri, 1979

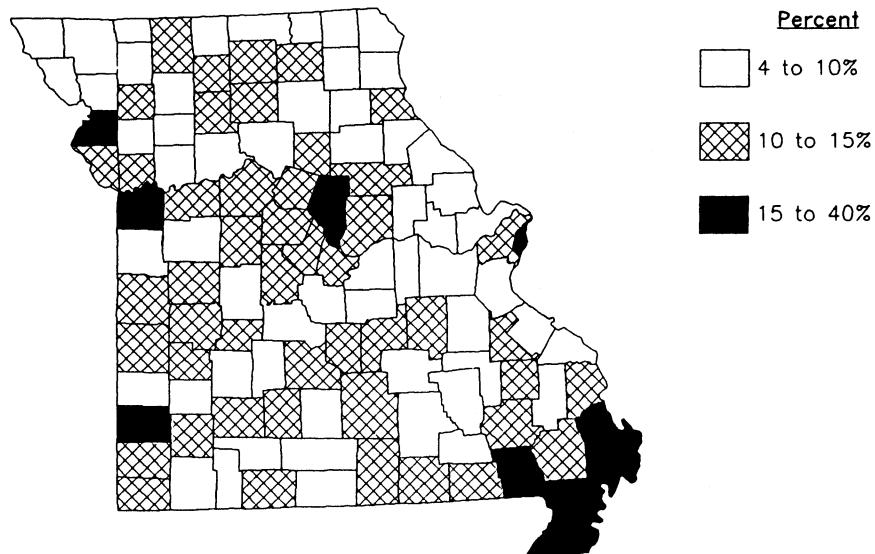


Figure 1.37

### Poverty Rate of Mother-Only Families, 1979

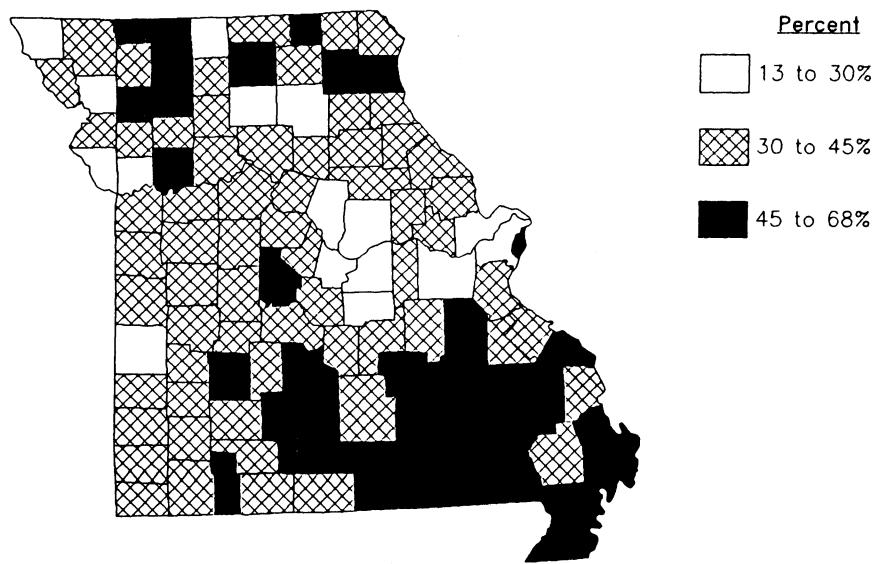


Figure 1.38

## Average Yearly Rate of Unemployment Missouri Counties, 1977-86

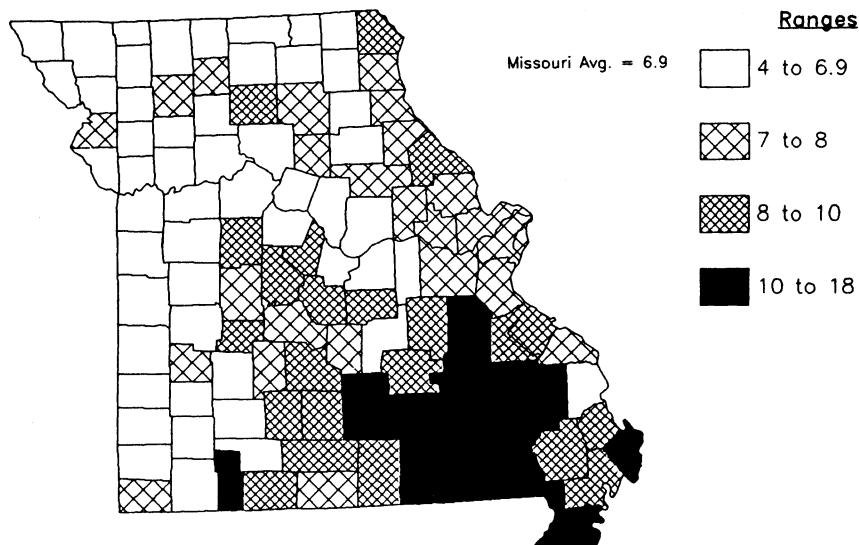


Figure 1.39

county unemployment rates for the period 1977 to 1986. The average rates of yearly unemployment for the state as a whole during this period was 6.9 percent. Figure 1.39 shows how counties fared in relation to the state average. Counties in the western section of the state tended to have rates at or below the state average. Higher than average rates were found in many southern and eastern counties, with chronically high unemployment in the southeastern and bootheel areas. (Rates for the counties in the labor market areas of St. Louis and Kansas City are total area rates.)

In order to combine the indicators shown in previous maps we created an index of risk to children's well-being. This index consists of six factors.

o Low county *income among families* (less than 75 percent of the state median family income).

o High *unemployment* (77-86 average equal to or greater than eight percent).

These two factors we know are indicators of poverty among families with children, including two parent families. It also includes:

o Low levels of *education* by including counties whose median education for adults 25 years and over was less than or equal to 12 years. Since the level of education of parents is related to child poverty this

added another factor that indicates higher risk of child poverty.

o High percentages of *mother-only families*. Counties in 1979 in which mother-only families made up 12 percent or more of all families were scored.

o High *poverty rates among mother-only families*. Counties were included in which the poverty rates among mother-only families was greater than or equal to 40 percent.

o The *child-poverty rate* itself was included by scoring counties with 79 rates at or above 20 percent.

Counties received a score of zero or one based on their status on each dichotomy. The scores were summed resulting in a final index total ranging from 0 to 6 for each county. County risk score are shown in Figure 1.40.

Two points should be made about this map. First, as was apparent on the previous maps rural areas showed higher risk than urban areas. This is in part due to a real absence of resources in rural areas. Risk to children is especially great in the southeastern part of the state, most particularly in the bootheel.

The map undoubtably underestimates the risk among children in northern counties. Due to the setbacks that the farm economy suffered in the period

## Missouri Counties at High Risk to the Well-Being of Children, 1979

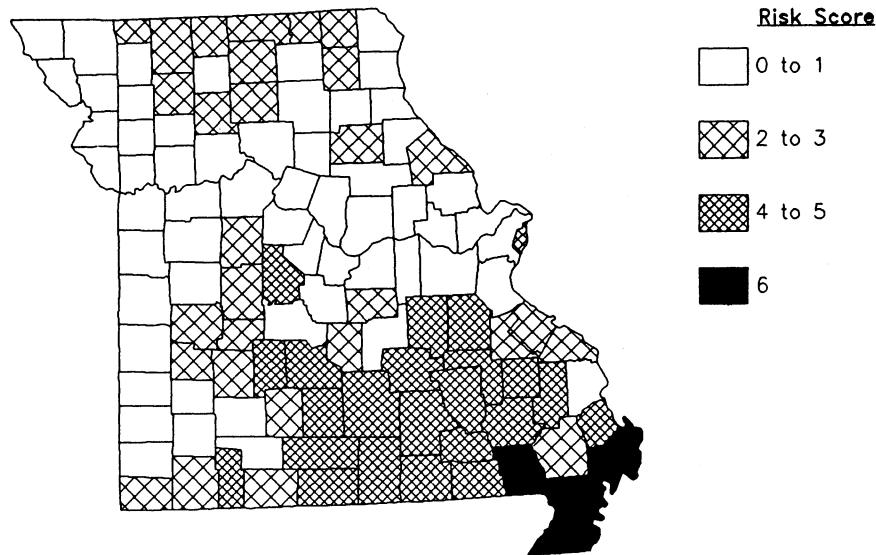


Figure 1.40

after 1979 in northern Missouri counties, it is likely, were up-to-date county level data available, that many rural counties in that part of the state would also show higher risk. (We know that population poverty rates in these areas in 1985 were much higher than the state as a whole. One study showed rates in the northern part of the state to have risen to highs comparable to the southeastern area. For 1985-- Northwest: 18.7 percent; Northeast: 20.9 percent; Southeast: 20.9 percent.<sup>32</sup> In 1979 population rates in the northern areas were significantly lower than in the southeastern part of the state. For 1979--Northwest: 12.9 percent; Northeast: 16.4 percent; Southeast: 20.1 percent. Therefore, we would predict that the child poverty rate in Missouri rural counties has increased.

Secondly, these maps are misleading in another sense. By focusing on counties we tend to underestimate the problem. St. Louis County had one of the lowest child poverty rates in 1979 (5.9 percent) but because of the very large population in the county it had 15,729 related children in poverty. To take an example of a rural county: Mississippi County in the Missouri bootheel has a rate of 34.5 percent, with 1,744 children in families below the poverty line. Jackson County (Kansas City area) had a rate of 13.9 percent, but this accounted for 23,313 poor children. Low child poverty rates in some urban areas as a whole do not mean low *numbers* of poor children. Furthermore, an ex-

amination of census tracts within urban areas reveals portions of each urban area in which the risk factors are very high.

To illustrate where the most poor children are located in the state we have created a map showing the absolute number of poor children in counties (Figure 1.41). This map indicates where the greatest numbers of poor children are regardless of the poverty rate. Of course, it shows more poor children in high population areas. This map, however, should balance the emphasis of the preceding maps.

By comparing Figures 1.33 (child poverty rates) with 1.41 (numbers of poor children) we can finally see the areas where both the rates of poverty among children are highest and the numbers of poor children are great. There are many rural counties that have over 2,000 poor children along with very high rates of poverty. St. Louis City also fits this mold with a very high poverty rate and the largest number of poor children in the state. Nevertheless, in St. Louis County, Jackson County (Kansas City), Greene County (Springfield), Buchanan County (St. Joseph), Jasper County (Joplin) and Boone County (Columbia) where the rates were relatively low, poverty is high as a function of simple enumeration of poor children.

## **Number of Poor Children Missouri Counties, 1979**

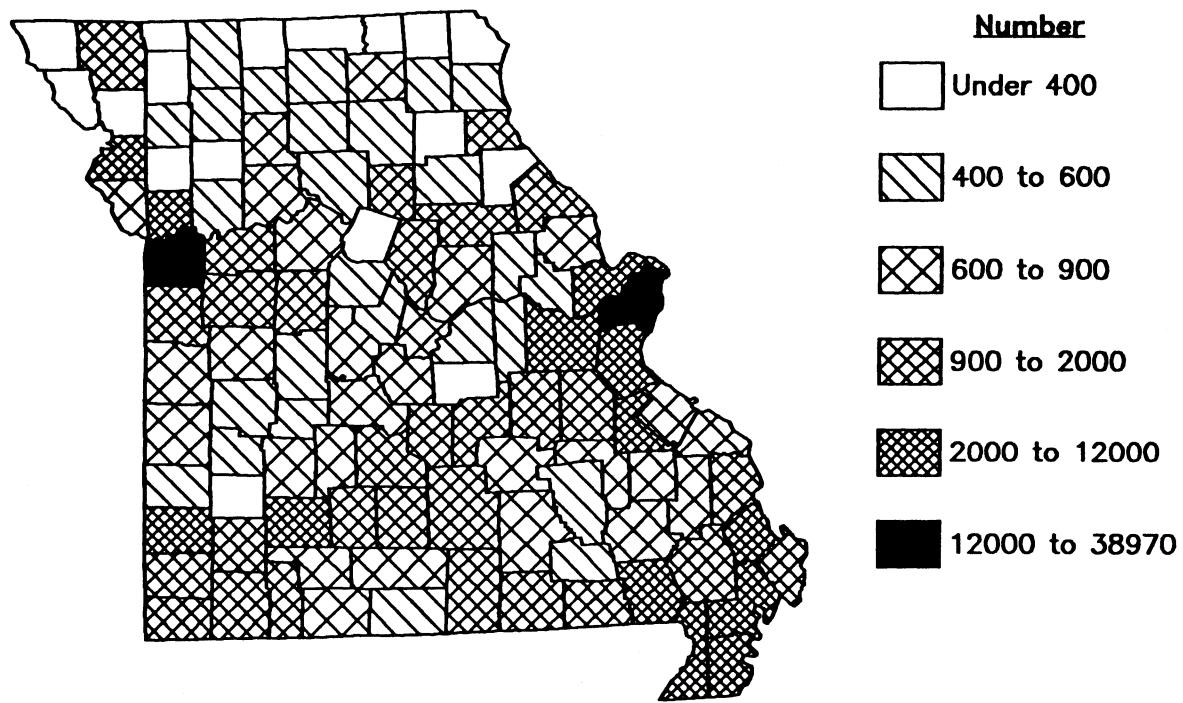


Figure 1.41

## PART TWO

# The Poverty Rate of Children in Missouri

*In this part of the report we address directly the issue of the rate of poverty among children in Missouri. There are three sections. In the first several alternative methods are presented for determining the current child poverty rate, and we give our best estimate. The second section is a discussion of non-cash benefits and their potential effects on child poverty. This is followed by a discussion of possible future trends in child poverty in the final section.*

The poverty rate among children for the nation as a whole is well documented. Each year in March the Bureau of the Census as a part of the Current Population Survey gathers information from a large representative sample of U.S. families. From this sample various social and economic characteristics, including the poverty rate of children, are estimated. The sample is large enough to draw reliable conclusions about the U.S. as a whole and about regions of the country. It is not large enough to provide reliable estimates at the state and substate level. We can be relatively sure that the child poverty rate for the U.S. in 1987 was 20 percent. We have no comparable statistics for Missouri.

### A. Current Poverty Among Missouri Children

*In this section we examine several methods that might be used to determine the level of poverty among children in Missouri at the present time. This includes simple methods based on comparison to the changes in the national poverty rate. We also introduce a method based on combining the Missouri Current Population Survey over three years. Finally, a method is presented based on segmenting the families with children in Missouri into male-present and mother-only types. We then give our best estimate of child poverty in Missouri.*

States are dependent on the decennial censuses for detailed information on the social and economic characteristics of their populations. The latest official government estimates of poverty among children in Missouri are those developed in 1980 based on incomes in 1979.

There are no estimates of poverty among children provided by other organizations. Occasionally states

conduct surveys for other purposes that yield income data adequate for poverty estimates. Missouri funded such a survey in 1986 to study the problems associated with health care and insurance for its indigent population.<sup>1</sup> Although this investigation gathered extensive data on the health of Missouri's poor children, the final report provided no useful little information on child poverty.<sup>2</sup>

Addressing the poverty rate of a particular part of a state's population, such as children, in the middle or latter half of any decade, therefore, is difficult. Poor families with children are not all alike. They become poor and remain poor for different reasons. For some the descent into poverty is closely related to changes in the economy of the state. For others poverty appears to depend on factors less directly related to the economic changes. Some heads of poor families work full-time; others do not or are employed only part-time. There are poor families with sets of problems that present overwhelming barriers to earning enough to escape poverty. The children in these families may suffer long spells of poverty. For these and other reasons simple projections based on past changes in poverty statistics may poorly reflect what is really occurring to the indigent people in the state.

1986 was the last year in which full CPS reports were available when the study was begun. The last official estimate of poverty among Missouri children was produced in the 1980 census for incomes in 1979. The rate was reported as 14.6 per 100 children in that year. This rate was 1.4 points lower than the U.S. rate in that year (16.0). The 1979 poverty rate for the total population in Missouri, on the other hand, was 12.2, slightly higher than the national rate (11.7) in that year. One reason for this was the higher poverty rate among the elderly.

One possible reason why the Missouri child poverty rate was lower than the national rate centers on children in mother-only families. The percent of mother-only families with related children under 18 years of age was lower for Missouri (15.5 percent) than for the nation (18.6 percent). Similarly the percent of children in mother-only families in Missouri (15.6 percent) ran below that of the nation as a whole (17.9 percent). Most importantly, the poverty rate among

children in mother-only families in Missouri was lower than the U.S. rate. In both cases the poverty rate was very high, but the Missouri rate of 44.2 percent ran significantly below the national rate of 50.2 percent in 1979. The increasing proportion of children and the greater likelihood of poverty in such families is one part of the explanation for increases in child poverty. Fewer children and a lower rate of poverty among such families probably produced a lower overall poverty rate among children in 1979.

We also compared Missouri to the Midwest: Ohio, Minnesota, Michigan, Illinois, Indiana, Wisconsin, Iowa, North Dakota, South Dakota, Nebraska, Kansas and Missouri. This region is composed of a set of industrial states with large populations and labor forces and a set of agricultural states with small populations and small labor forces. Missouri tends to fall in the middle of these states in size of population and labor force and in degree of urbanization. Missouri child poverty rates are higher than the rates for the Midwest as a whole (12.6 percent) in 1979. Like Missouri this region had somewhat lower proportions of children in mother-only families (17 percent) than the nation as a whole and also lower poverty rates among this category of children (46.2 percent) during 1979.

The poverty rate among children in male-present (mainly two-parent) families was slightly higher in Missouri (9.2 percent) than nationally (8.5 percent). The poverty rate among families of this type is more sensitive to changes in the economy, especially available employment, than mother-only families. Yet in Missouri children in male-present families had a higher poverty rate than the nation in spite of the lower unemployment rates in Missouri. This might be due to the lower average income of males in Missouri. Consequently the distribution of children from these two types of families among children in poverty was different for Missouri than for the nation as a whole. In Missouri children from mother-only families constituted 47 percent of all children in poverty; nationally these children made up 56.4 percent of the poverty population. Conversely, the majority of children in poverty in 1979 in Missouri (53 percent) were from male-present families in contrast to the nation as a whole (43.6 percent).

The poverty rate among children in male-present families for all the midwest states was actually lower than both Missouri and the nation. The rate ran at 5.7 percent in 1979 in spite of an unemployment rate of 5.5 percent throughout these states.

Missouri has a sizable proportion of rural poor children when compared to the nation as a whole. In this it tends to resemble the midwest states to its north

and west. Missouri also has two large urban areas and a larger population than the rural midwest states. In this it tends to resemble the states to its east. Our assumption is that the dynamics of poverty follow the general patterns of the combined midwestern states.

*Estimates of Current Child Poverty Based on Changes in National Rates.* The rate of poverty among children in Missouri might be determined by using the pattern of changes in national rates. Doing this yields rates ranging from 16.5 to 18.1 percent.<sup>3</sup>

*Current Population Survey Data for Missouri.* We have alluded to the CPS as less reliable for estimates on a state basis. However, it is possible to combine the state sample over more than one year to improve reliability, assuming a continuity in the variables related to family income (taking into account increases due to inflation).<sup>4</sup> The child poverty rate nationally over the three years from 1985 to 1987 did not change significantly (respectively: 20.1, 19.8 and 20.0). The rates for midwest states in 1985 and 1986 were 19.7 and 19.0 percent.

The combined sample for 1985, 1986 and 1987 contained data from 1,032 Missouri families. The estimated child poverty rate was 21.4 percent.<sup>5</sup> This rate is higher than the national and midwest rates and higher than estimates already given. Yet the rate was fairly consistent over the three years of CPS data. We would consider this an upper limit of estimated child poverty in Missouri in 1986.

*Estimating Child Poverty for Children in Types of Families.* A final method was used based on Midwest and Missouri data, which takes into account both similarities and differences between the two, and recognizes that the population of poor children consists of children who live in families that become poor in different ways.

As we saw in the Part One, about half of the poor children in the U.S. live in mother-only families and about half in male-present families. The number of poor children in mother-only families has increased steadily over the course of the last three decades, accounting for an ever higher proportion of all children in poverty. In addition, these families tend to be the poorest of families and the most persistently poor. Moreover, a large proportion of them appear to be immune to fluctuations in the larger economy, sharing little in the growth and prosperity of economic recoveries.

Our assumption is that Missouri is following the national pattern of change in mother-only families and children. A predictor of change in Missouri may be the pattern of growth of children in these families in the midwest states. The 1980 census found that the

poverty rate among children in these families in the state was 44 percent. If we apply increases in poverty experienced by this population in the Midwest during the period we would expect the poverty rate among these children to have increased to 55.5 by that year. Based on an estimate of 240,400 Missouri children in mother-only families in 1986, we calculated that there were approximately 132,500 children in poverty in these families in the state.<sup>6</sup>

The other important segment of the child poverty population in the state consists of those children living in male-present families (nearly always two-parent families). The number of children in these families who are poor fluctuates considerably with changes in the unemployment rate and with changes in the average family income.

The rate of poverty among children in male-present families is highly correlated nationally with changes in the median income of males and the unemployment rate.<sup>7</sup> Using the historic relationships between the unemployment rate and the poverty rate of children in male-present families in the Midwest, we determined the rate among such children to be approximately 10.5 percent in 1986, an increase from the rate of 9.2 in 1979.<sup>8</sup> Applying this rate to the estimated

total number of children in male-present families we determined the number in poverty to be 119,000.

Combining the two categories of children in poverty we arrive at a final total of children in poverty for 1986 of 251,500 ( $132,500 + 119,000$ ). This results in an estimated poverty rate of 18.2 percent in 1986 ( $251,500 / 1,379,500$ ).

Since the estimated rates based on the combined CPS were higher we have regard this estimate as low. The number of poor children in Missouri might range as high as 289,000 in 1986.

Figure 2.1 shows the methodology applied to each year from 1979 to 1986. It also charts the child poverty rate for the midwest states and for the nation as a whole. This graph shows how the child poverty rate for Missouri using this method resembles the changes that have occurred regionally and nationally during the period.

## B. The Reduction of Poverty Through the Reception of In-Kind Benefits.

*In this section the concept of in-kind benefits is briefly examined and an example is shown of the effect on the child poverty rate if in-kind benefits are counted as income.*

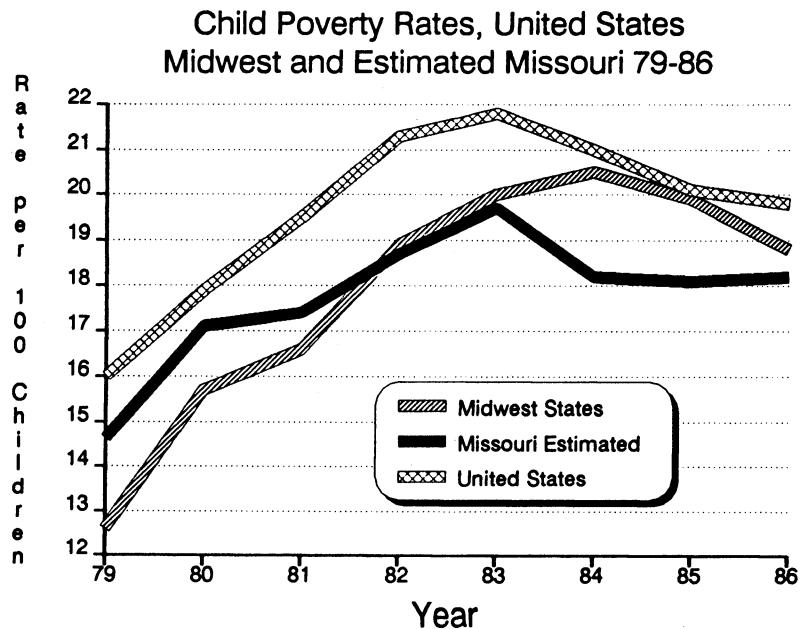


Figure 2.1

The poverty threshold is based on value judgments concerning how much income is necessary for family well-being in our society. It is also a highly politically charged limit, since changes in the proportion of individuals below poverty reflects on government policies. Rising poverty rates are used by some to call for increased government activity to assist the poor. Falling poverty rates are cited by those who hold political office as proof of the correctness of economic policies.

These factors and others have acted to make the poverty threshold controversial from the time the official poverty level was first set in the 1960's. One aspect of the poverty rate that has been debated in recent years has been whether non-cash benefits received by the poor should be counted as if they were income.

Poverty status is based on pre-tax cash income. It does not take into account government benefits that are received in a non-cash form. These are called *in-kind benefits* and include food stamps, school lunch benefits, housing and medical care. These are all means-tested benefits that are available only to those whose incomes fall below certain levels. We know that such benefits have increased since the early 1960's when the poverty threshold was established. We also saw that the value in constant dollars of non-medical means-tested benefits as a whole has declined since 1976.

Nevertheless the benefits that are provided are real and tangibly assist the poor in that they would have to spend their own cash on food and housing were these benefits not available. Medical benefits should not, in our opinion, be counted as income today. There is a growing consensus in the United States that medical benefits should be grouped with those that all citizens have a basic right to possess, such as public education. Furthermore, medical services currently paid by Medicaid would not be paid in most cases by poor families out of their cash income. Were Medicaid benefits not available the families that now receive them would be dependent on the largess of hospitals just as are most of the non-insured working poor in Missouri today.

As an example of the possible effects of considering non-cash benefits on the child poverty rate in Missouri we have assigned a cash value to the food stamp and school lunch benefits received by poor families. Using the combined 85-87 Missouri CPS sample we calculated in-kind food stamp benefits (based on the Census Bureau's market value method).

The mean income deficit below the poverty threshold of families with children under 18 was

\$6,770. This deficit is based on market earnings alone and defines *pre-transfer* poor families. When all government cash transfers received by these families (Social Security, Supplemental Security, other retirement, veterans benefits, workers compensation, AFDC, unemployment benefits, etc.) were added in the cash deficit dropped to \$5,340. These benefits removed 14.7 percent of the pre-transfer poor from poverty. We then added in child support benefits. This reduced the poverty deficit to an average of \$5,210 for all families and removed another 4.2 percent from the poverty population. This was the income deficit for families with children defined as poor in the CPS. We then calculated the value of food stamps received by each of the remaining poor families (mean value: \$888) and school lunch (mean value: \$145) and reduced the poverty deficit accordingly. We estimate the number of children removed from the poverty through food benefits counted as cash to be approximately four percent. Using the conservative 1986 child poverty estimate, the number of children moved above the poverty level would be about 9,500. On this basis the child poverty rate was reduced .7 percent: from 18.2 to 17.6 percent.

Including in-kind transfers in the equation has the effect of lowering poverty rates and reducing the size of the poverty population. However, it also results in a more rapid increase in the poverty rate over the last several years. Table 2.1 shows statistics compiled by the Economic Policy Institute on the percentage change in the population in poverty when various in-kind transfers are included as income. As can be seen, the broader the definition of income, the faster the increase in the poverty rate. This results from the decline in the value of in-kind transfers in constant dollars since 1979.

**Table 2.1. Number of Persons in Poverty Using Different Definitions of Poverty, 1979-86 (in thousands)**

	1979	1986	Increase	Change
Current Poverty Definition	26,072	32,370	6,298	24.2%
Cash plus Food and Housing Subsidies as Income	21,698	28,908	7,290	33.6%
Cash, Food, Housing and Medical Benefits as Income	15,696	21,369	5,673	36.1%

## C. Child Poverty in Missouri in 1995

*In this section we extend our method of determining current child poverty in Missouri to future years. This is done under more and less favorable assumptions. We show that child poverty in the most conservative and rosy scenario remains fairly constant but increases under less optimistic assumption.*

Projections of any trend, especially one as complex as the poverty rate of children, are extremely risky. We believe, however, that the poverty rate among children in Missouri is likely to remain stable or increase rather than decrease over the next few years. The factors we identified in Part One as contributing to the increases in poverty are long term problems that have developed over some period of years. Each appears to have a certain momentum and even under the best of conditions would not appear likely to turn around significantly in the next 8 to 10 years. Yet, turn around they must if we are to see any significant reduction in poverty among children.

Consider the increase in mother-only families. We do not understand fully why this type of family with its poorer income is increasing. Perhaps a substantial increase in the potential for young individuals to find full time work at a wage capable of supporting a family would lead to a reduction in the rate of increase of these types of families or to a reduction as a proportion of all families. It may be that the rate of births out of wedlock (one way in which mother-only families are formed) will decrease due to unforeseen factors (e.g. growing fear of AIDS). We do not accept that government programs caused the increase in these kinds of families and we wonder whether other programs can retard their formation. The solutions are likely to lie in broad social and economic changes that will in turn affect divorce rates, marriage and remarriage rates for mothers. These take time to occur and longer for their consequences to be felt.

Poverty among mother-only families has also been increasing. One factor causing this is the reduction in the real value of government benefits to these types of families. To bring AFDC payments back to where they were in 1977 in Missouri would require a increase in the maximum benefit level. A start might be simple maintenance of the level of benefits at the level of inflation by a yearly increase in benefit levels. If some increase does not occur and if the backslide of the real value of such benefits is not halted, then mother-only family poverty seems likely to grow in intensity.

The descent of families with working parents into poverty must also be slowed. If we could return unemployment to 1960 levels and if productivity were to improve to the extent that increases rather than

stagnation in the income of young families and families with young children occurred, then perhaps we would see a reduction in children in poverty. Many economists are predicting an economic downturn in the early 1990's, some forecast recessions as or more severe than those in the 79-83 period.

We took the conservative estimate of the child poverty rate of 18.2 percent in 1986 as our starting point. These projections use essentially the same method used to create the 1986 estimate but with different assumptions.

*The Rosy Scenario.* If the rate of increase of mother-only families and the rate of increase of poverty among those families essentially fell to one-fourths of its current estimated value over the years to 1995 and the unemployment rate was maintained in the range of five percent of the workforce by 1995 how many children would be poor in that year?

Our estimate of the population of related children in 1995 is 1,377,200. This scenario places the percent of children in mother-only families in 1995 in Missouri at 18.1, which is essentially no increase over the 1986 rate. The poverty rate among these children would be 59.6 percent, an increase of about 4 percent over our 1986 value. If the unemployment rate in 1995 was 5 percent, the child poverty rate in male-present families would have dropped to 9.6 percent. *The total number of poor children would be 256,200 and the poverty rate would equal 18.6 percent.* This scenario leads to a reduction in the total number of poor children but with the simultaneous decrease in the total population of related children the poverty rate remains essentially constant.

These assumptions are optimistic without being completely unrealistic. If the median income of young families and families with children were to reverse its downward trend in real terms more positive effects might occur. Similarly, if the earnings of workers were to increase significantly in real terms the poverty rate among male-present families might be reduced even further. Otherwise, these assumptions result in holding steady child poverty rates and a small reduction in the number of poor children.

In Figure 2.2 this scenario is shown as the flat line extending from 1986 to 1995.

*The Steady State Scenario.* Child poverty has stabilized nationally at the 20 percent level, while population poverty has continued to decrease since 1983. In the Midwest the child poverty rate has remained in the 18 to 19 percent range. We have suggested a number of reasons for this.

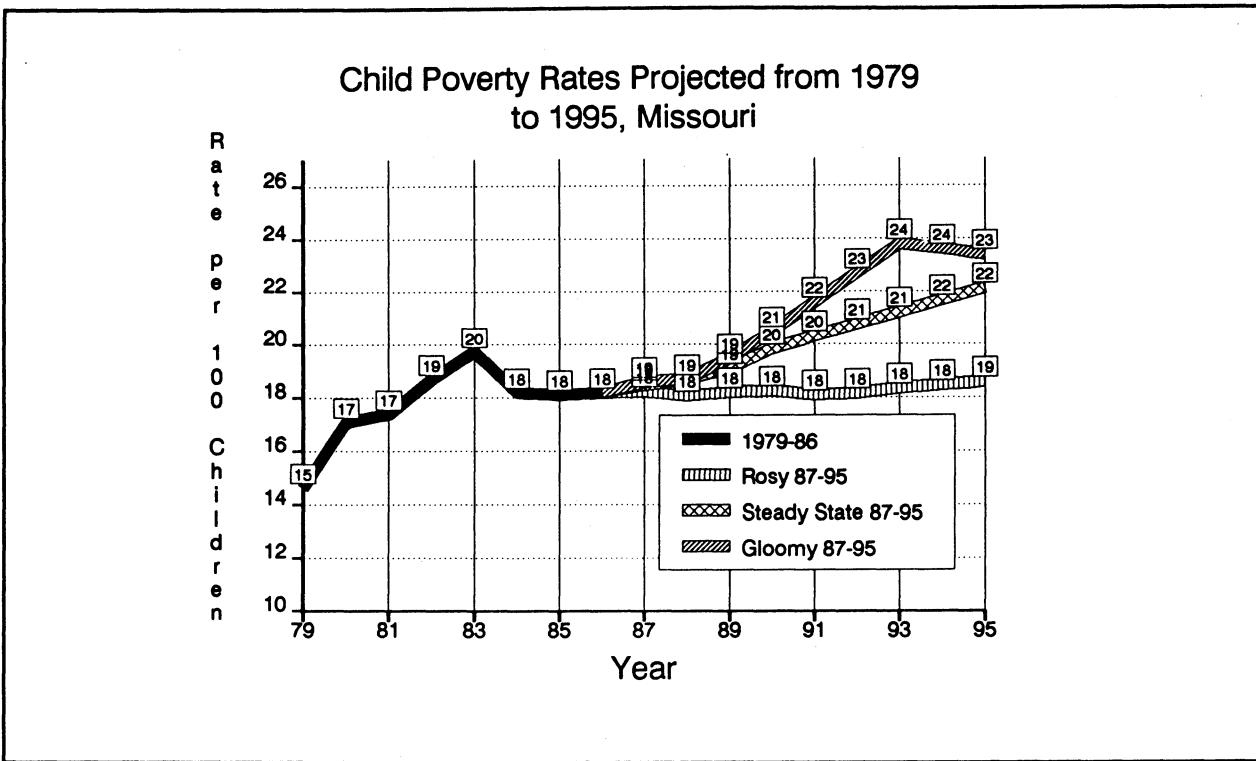


Figure 2.2

In this scenario the rate of increase of children in mother-only families is held at the rates that we have projected so far in the 1980's. The increase in the poverty rate among such families is also held at that level. We then assume that by 1995 the Missouri unemployment rate reaches a level comparable to the 1986 rate (6.1 percent). Under these conditions, the proportion of children in mother-only families in 1995 would reach 19.8 in Missouri. The poverty rate among such children would have risen to 69.4 percent. This may seem unreasonable but it is merely the application of the rate of increase of poverty among these types of children in the midwest states in the early 1980's to the future period.

This translates into 272,600 Missouri children in mother-only families with 189,300 of these in poverty. In turn, there would be 1,004,600 children in male-present families. The poverty rate among these children would be holding at 10.4 percent (the 1986 rate) resulting in 115,400 poor children in these families. The total number of poor children in Missouri under this projection would be 304,700. *The poverty rate would have increased from the 1986 value of 18.2 percent to 22.1 percent.*

In this scenario the net number of poor children would have increased by about 40,000, and since the population of related children has declined by 1995,

the increase in the poverty rate is substantial. The scenario is shown as the middle trend line in Figure 2.2.

*The Gloomy Scenario.* The final scenario assumes an economic downturn. Mother-only families increase at the same rate as in the steady state scenario, but an economic recession increases unemployment. By 1995 the Missouri unemployment rate is holding at eight percent after a rise to 10 percent (somewhat lower than 1983). This means that the poverty rate among children in male-present families would be 12.0 percent. Of the 1,377,200 children in these families 132,300 would be poor. *The total number of poor children would be 321,600 with a poverty rate of 23.4 percent.* This scenario appears as the upper line in Figure 2.2. Notice that the rate spikes upward with increased unemployment similar to what occurred in 1983.

*Final Considerations Concerning 1995 Child Poverty.* These projections were based on our most conservative 1986 estimate of Missouri child poverty (18.2 percent). They are based on modest and plausible changes in the economy and in family structure. They resulted in poverty rates for children in 1995 ranging from 18.6 to 23.4 percent. Because we began with our most conservative estimates for 1986, the range should be viewed as a conservative low to a

conservative high. In subsequent analysis we will use the steady state projections as our best estimate of the situation in 1995.

*1995 Target.* We were asked to determine what reduction would be necessary to lower the child poverty rate in 1995 to a level comparable to the current poverty rate for the total population. The reduction of the future child poverty rate to a rate comparable to the current population rate (13.5 in 1987) would require that the children in poverty during this year total 185,900. The steady state scenario had the total at 304,700. This means a reduction of 118,800 children must occur. Assuming 2.2 children per family (current approximate family size) this translates into 54,000 families raised above the poverty level. Assuming 2 children per family the number of families that must be affected would be 59,400. We hope that the reader will see how tentative these numbers are. There is obviously a wide latitude for error. In any event, even if this 1995 rate represents an overestimate of the poverty level the state will still be faced with an extremely large number of poor families and children, unless effective action is taken now.

## PART THREE

### Reducing Poverty Among Children in Missouri

*In this part of the report we examine several types of approaches to reducing the child poverty rate in the state. The discussion tends to focus on the parents of the children or on the family as a whole rather than simply on the children themselves. This is in keeping with the emphasis of this report on reducing poverty rather than the ameliorating the effects of poverty.*

*Increasing cash to mother-only families is discussed in the first section. The two topics covered are universal child support assurance and welfare payments. The next section is concerned with several topics that revolve around enhancing the self-sufficiency of the parents of poor children including employment, training and education. The funding and coordination of the service system is examined as well. The final section of this part concerns programs to address the problem of children born to adolescents--an almost certain formula for persistent child poverty.*

Our conclusion in the preceding analysis was that the rate of poverty among children is currently very high and is likely to remain this way. We were asked to examine policy alternatives for Missouri that might assist in reducing this rate.

The major programs designed to provide income to poor families or to assist them to become self-sufficient are mainly federal in origin and funding. These include laws guiding child support enforcement, welfare payments, employment and training, education and so on. Many of the antipoverty policies suggested in recent literature hinge on changes in such programs or on completely redesigning or replacing them. Obviously states cannot arbitrarily change or disregard the federal laws and regulations guiding these programs. We believe, however, that there are options open to states to reduce poverty within the existing framework of federal programs.

When we had a basis for making projections of the effects of the policy on numbers and rates of children we presented them. These are at most rough numbers and rates. Often there is no way of knowing the extent of the effects of a particular policy, but past experience, anecdotal evidence or common sense indicates that it is likely to improve the situation or the potential of poor children. This is most true of longer

term solutions--policies to prevent poverty in future generations.

The sections in this part of the report focus on the following questions.

1. Certain poor families receive little or no child support from absent parents. Is there a way for Missouri to assure child support for all children?

2. Welfare benefits have decreased in real dollars. What would be the effect on poor children if they were increased, and is this feasible?

3. Incomes of young families and families with children are declining. Earnings of young men are declining. Certain children are poor because their parents are unemployed. Can new jobs be created or present jobs be improved for the parents of poor children? How would this affect the child poverty rate in the future?

4. The education and training level of the poor, especially the persistently poor, is low. Many poor children come from minority families or rural families whose relative position in the economic system has declined and is declining. Can we improve the education and training level of parents of poor children?

5. Most poor parents work. Are there barriers such as lack of medical insurance and child care that act to restrain the poor from working more? For the poor who do not work, do the same barriers play a role in their unemployment? Can the state do something to remove these barriers?

6. Are there educational alternatives that might keep students in school or improve the literacy of people in the state? How can these be linked to improving work and income in poor families with children?

7. Young mother-only families are the most persistently poor. Are there ways to reduce the pregnancy rate of adolescents and the number of children they bear?

The program options and policy alternatives we present in some cases are new to Missouri. In others they are already in effect, and we recommend strengthening. In yet others the problem is to create a

new program from existing elements or to coordinate present programs in a way to make them more efficient.

## A. Increasing Cash to Mother-Only Families

*Poverty is not simply a lack of cash but an inability to work and earn a living wage for the family. Nevertheless, two significant sources of cash come immediately to mind when we think of poverty among children in mother-only families: cash welfare through Aid to Families with Dependent Children and child support payments by noncustodial parents. Before consideration of other alternatives it seems necessary to take a look at the antipoverty effects of these.*

Both welfare and child support currently bring cash to poor children. They are regarded very differently by the public. Welfare is generally viewed negatively by the public, since it conjures up pictures of freeloaders and welfare cheats in the minds of many people. People who receive welfare do not like it either. It is humiliating and time consuming to get welfare and the cash benefits are very small. Still, the question must be asked: could poverty among children be significantly reduced by increasing welfare? The reverse of this question is: will poverty among children be increased if welfare payments continue to diminish in real terms over the next few years?

Child support is generally viewed positively by the public. Most people will agree that absent parents (usually fathers) ought to support their children. Most of the public is unaware how many fathers do not. Both liberals and conservatives alike have been in favor of increased child support enforcement. We will ask about the reduction of poverty among children due to increased child support. We will also examine whether the current child support system is sensible and what alternatives there might be.

### *Increasing Child Support to Children in Poor Mother-Only Families*

The nature of child support and why it does not work is discussed first in this section. We then look at the system of child support enforcement in Missouri. We propose an alternative system of universal child support assurance. Finally, some rough estimates are made of the relative effects of increasing child support to standard levels for child in mother-only families.

Child support assurance is essentially an income redistribution program. The absent parents are taxed and the children are provided cash benefits. Yet, this could potentially significantly reduce Missouri's child poverty rate.

In Part One the inadequacy of the current child support system to provide for the needs of children in single parent families was documented. Only a small minority of such families receive any child support at all. In Missouri our estimate is that 21 percent of poor mother-only families receive some child support payment. Of those that do receive support the amount received is very small amounting to \$1,159 for the total family or \$525 per child. These families had an average of 2.2 children per family.

Four-fifths of the families with children headed by a female receive little or no support from absent fathers. The burden of providing for the children then falls to the mother. We have seen why in many cases this is a prescription for poverty.

- Even though the heads of mother-only families work substantially more than women in two parent families, they do not work as much as the heads of two parent families. They often cite family responsibilities as the reason as they attempt to maintain the dual role of mother and family provider.
- Working women earn less money than men generally.
- Mother-only families have one adult worker. Two parent families may and often do have two adult workers.
- Transfer payments for these families have been reduced in real terms in recent years.

Consequently, mother-only families are typically much poorer. They cannot be expected to provide adequately for children with no support from the father. Yet, this is precisely what the current system implicitly assumes.

*Child Support Enforcement.* There are several reasons why child support is paid so infrequently by absent fathers. First, the current system makes the determination of whether child support should be provided a matter to be decided in a court of law. Since the process is adjudicatory, child support by absent parents is not assumed to be a duty of the absent parent unless the court so decides. Similarly, the determination of the amount of child support is left to the judicial process rather than simply setting amounts at some standard percentage of the absent parent's income.

Secondly, the payment of support is left to the absent parent on an individualized basis. The court only

intervenes in cases of default. Non-payment of child support may result in warnings being given to the absent parent. At some point he may be summoned to court. But, he still may not be required to pay if he can present evidence that his financial circumstances have changed sufficiently that some alteration is necessary in his support payments. Sanctions are only applied if the absent parent can be proven to be delinquent in a deliberate fashion and that there are no extenuating circumstances for the delinquency. The current system effectively places the welfare of the child after the welfare of the absent parent.

This is the situation for the bulk of the families in which there is an absent parent. All states now have a system of child support enforcement which actively seeks to extract child support payments from the absent parent. The authorization for this program is under Title IV-D of the Social Security Act. When approval is received for AFDC benefits in Missouri, the adult recipient is required to enroll in the child support enforcement program. Staff of this program attempt to locate absent parents, establish paternity and legal support obligations, monitor and enforce support obligations and distribute collected child support. This program is also available to non-welfare recipients who desire to make use of the services.

Missouri's child support enforcement system dates from 1977 although the original federal legislation was passed in 1974. In 1984 amendments were passed to the federal legislation which strengthened the law considerably. These included mandatory wage withholding, imposing liens on the property of absent parents, withholding state tax refunds, providing information on delinquency in payment to consumer credit bureaus, requiring absent parents who have shown a pattern of delinquent payments to post bond, an expedited system for establishing and obtaining child support, notification of each AFDC recipient, and laws permitting the establishment of paternity in cases where it is disputed. Since 1984 the amount of child support collected through this system in Missouri has increased substantially each year.

The Child Support Enforcement units are six district and four sub-district offices throughout the state. Each office serves one or more Missouri counties. A relationship is maintained with the county prosecuting attorneys throughout the state and the circuit court clerks mainly for purposes of legally establishing paternity. In seven counties the prosecuting attorneys are also involved directly in location of absent parents and enforcement of child support.

Missouri collected a total of \$55 million in child support in 1986 of which \$18.7 million was for AFDC and foster care cases and \$36.3 million was for non-

AFDC families. In 1987 the amounts had increased to \$60.5 million with \$23.5 million for AFDC and foster care families and \$37 million for other families.<sup>1</sup>

The child support enforcement program is an antipoverty program to the extent that it redistributes money from absent parents who are not poor to single-parent families who do live in poverty. The AFDC/Foster Care family portion of the current program is largely a welfare reduction program. Only incidentally does it have antipoverty effects.

The large part of the child support collected for AFDC families results in an equivalent reduction in the AFDC payments to the families involved. However, the law also provides that the first \$50 collected each month be passed through to the single parent and her children. The \$50 disregard in 1985 passed through \$2.7 million to such families; in 1986 the amount was \$3.1 million and in 1987 it had grown to \$3.6 million. This growth is commensurate with increases in collections for these kinds of cases. The net effect of this disregard is an increase of \$50 per month in the total income of families receiving AFDC. We have no way of knowing what proportion of these families are officially poor for the whole year. They are clearly in poverty during the month they receive the added income. For a family receiving AFDC for a whole year this comes to a \$600 increase in income. Children in such a family would fall into the poverty population.

A substantial portion of the collections for non-AFDC cases may have been for poor families. If such families are poor in proportion to our estimate of poverty among mother-only families, we might expect slightly less than half of the collections went to such families. Assuming that these families were receiving no child support during the year, the antipoverty effect of the \$37 million collected for non-AFDC families in 1987 might be as high as \$17 million. But, this is no more than a guess. The figure may be substantially lower or higher if the distribution of families making use of child support enforcement departs from distribution in the population as a whole.

(Since this section was written the Family Security Act was passed by the U.S. Congress. This law will bring substantial changes in the child support enforcement system in each state that will lead to greater enforcement. However, it does not change the essential nature of child support as an adjudicated system.)

*Child Support for Children in All Single-Parent Families.* However laudable the current child support enforcement program as a welfare reduction effort and as a means of increasing support for poor children, it is an extension of the current cumbersome

and inefficient system of providing child support. Child support enforcement is based on the premise that child support decisions should be made in court. Perhaps, this premise needs to be questioned.

A number of alternative proposals have been made for insuring child support. One of the most innovative is being developed through the efforts of Irwin Garfinkel and his associates in the state of Wisconsin.<sup>2</sup> Under this system, "all parents living apart from their children would be obligated to share income with their children. The sharing rate would be specified in law and would depend only upon the number of children owed support. The obligation would be collected through payroll withholding, as social security and income taxes are. Children living with a custodial parent would be entitled to benefits equal to either the child support paid by the noncustodial parent or a socially minimum benefit, whichever is higher."<sup>3</sup>

The plan is being implemented in Wisconsin in stages. In 1982 a *percentage of income standard* was made an option for courts to use. This standard is a rate equal to 17 percent of the noncustodial parent's gross income for one child. The rate increases with the number of children: 25, 29, 31 and 34 for two, three, four, and five or more children respectively.<sup>4</sup> Surveys showed that increasing numbers of county officials began to use the standards.<sup>5</sup> These became presumptive child support obligations in July, 1987.

Immediate withholding was piloted in 10 counties in 1984. This means that withholding is begun at the time the court assigns child support rather than as a response to delinquency in payment of child support. The results showed that immediate income assignments can noticeably increase child support collections.<sup>6</sup> This also became operational statewide in July, 1987.<sup>7</sup>

The assured benefit is scheduled to be piloted in 1988. Under this program all children in Wisconsin with an absent parent will receive the amount collected from their absent parent under the percentage of income and immediate withholding system. Every child will be assured of receiving benefits at a level based on a schedule set by the state: \$2,500 for the first child and \$1,000, \$1,000, \$500, \$500 for the second, third, fourth, fifth children respectively.

There is a projected gap between assured benefits and child support collected in this system. In the Wisconsin system this will be dealt with through applying state funds that will be saved through reduced AFDC benefits. (Wisconsin received authorization to do this in the 1984 Child Support Amendments.) In addition, if the mother is working a custodial tax will be charged

to make up the remaining difference. This will be withheld throughout the year and assessed at the end of the year through the state income tax.<sup>8</sup>

*Arguments in Favor of Universally Assured Child Support.* It is difficult to defend the current system considering that under it lack of child support payment has been a major contributor to child poverty among mother-only families. Furthermore, the increase in bureaucracy that would be required to bring universal child support enforcement under the current system staggers the imagination. The system we have outlined would be far easier and less expensive to maintain than what we have currently.

Applying a fixed percentage to the absent parent's income is simpler and probably fairer than the current system in which child support awards vary greatly dependent upon the outcome of court proceedings. There would be no need to return periodically to court, as is now usually done, to increase child support payments as their real dollar value changes. This would be handled automatically as wages increased or decreased.

Automatic withholding is simpler. It works efficiently now for taxes and social security. It would take child support out of the adversarial arena of the court and make it independent of the quality of the relationship between the custodial and noncustodial parents. Most importantly it would remove the burden of collection from the custodial parent (usually the mother).

The results of the Wisconsin pilots and simulation studies conducted show that automatic withholding increases both the size and timeliness of child support payments.

If we think of the assured benefit as a replacement for AFDC, which it would be in many cases, the system removes child welfare from the stigma of means-tested programs and makes it a universal benefit. It becomes more like unemployment insurance or disability payments--a benefit that a child is entitled to because he or she is a child rather than a poor child.

There are objections that come to mind regarding universal child assurance. The first is that it might be difficult to establish paternity in all cases. The answer is that paternity is not an issue in most cases. Nearly always the mother knows who the father is, and the father will not contest the mother's assertion. Where there is a question, paternity can now be established in virtually every case through testing. Ellwood suggests that our society should commit itself to establishing paternity for all children at birth and the information should be included on every child's birth certificate.<sup>9</sup>

A second objection is that absent fathers are too poor to provide for their children. It is clearly more expensive to maintain two households than one, but we know that mother-only families are exceedingly poor in our society. We also know that the median income for full time male workers in the U.S. was \$25,900 in 1986. The comparable 1986 median income (if it were known) would be lower in Missouri. In 1986 dollars the 1979 income of full time male workers in the state was \$24,200.

A third objection is that this plan will be an incentive for marriages to break up and for women to have children out-of-wedlock. This objection is similar to theories of the relationship between welfare and the formation of mother-only families. One could just as well argue that it will lead to less divorces because the father will be economically motivated to make the marriage work (or to marry the woman). It might lead to less children born outside marriage since every man would soon become aware that there was a 100 percent probability that he would be required to support for 18 years any child he fathered. Although, no one can be sure about such effects we tend to support the latter view.

*Reducing Child Poverty through Child Support Assurance in Missouri.* Our estimate of child support among poor mother-only families in Missouri was less than \$1,200 per year. Using the combined sample of Missouri families we calculated the poverty deficit for poor mother-only families. The average was \$5,180. This represents the average difference between the poverty threshold and the families' incomes. The average total income for these families including child support was \$4,450.

We then added to the income of these families the amount of child support they would have received under a system comparable to that being established in Wisconsin. Current child support received was subtracted from this amount to obtain the net child support increase. This lowered the average poverty deficit to \$1,950 and increased the average family income to \$7,670. It produced a reduction in families in poverty among poor mother-only families of 17.5 percent and a reduction among children in such poor families of 16.7 percent. This brings 22,100 children out of poverty using our most conservative 1986 estimate ( $132,500 \times .167$ ). In addition, a larger population of near poor families would be assisted. This estimate is high since some families would become ineligible for welfare benefits or would suffer reductions and therefore would lose that income.

If this system caused a decline in the rate of formation of mother only families in the state it could have an anti-poverty effect in this way as well. If we

assume that poverty among children in 1995 follows our steady state conservative scenario then an increasing number of children would be removed from poverty each year culminating in 31,600 in 1995 ( $189,300 \times .167$ ). As we have indicated elsewhere this assumes increases in child support payments to keep pace with inflation and a similar income distribution in the 1995 population.

The effects of this change on the total child poverty rate are significant. In 1986 the rate would have dropped from 18.3 to 16.7. Our projected rate of 22.1 in 1995 would have dropped to 19.8 percent.

### *Increasing AFDC Benefits*

*In this section we discuss the effects of increasing AFDC benefits to poor families. First the issue of the relationship between increased welfare and the formation of mother-only families is briefly examined. Then the size and nature of Missouri's AFDC population is examined. This is followed by a discussion of the possibility of reducing child poverty through a modest increase in AFDC benefits.*

*We show that reducing the child poverty rate will not occur without substantial increases in such benefits, although a modest increase to bring Missouri to the national average would bring a significant infusion of cash into poor families. The more important issue, perhaps, is whether a continuation of the effective real decrease in welfare benefits that has been occurring in Missouri will pull more children into poverty in coming years.*

Cash welfare payments are a major source of financial relief for poor families in Missouri. Many mother-only families in poverty receive public welfare in the form of Aid to Families with Dependent Children (AFDC). A small set of married couples in which the principal wage-earner is unemployed also receive AFDC.

In Part One we saw that AFDC benefits were declining in real terms both nationally and in Missouri. This was offered as one cause of the declining income of families with children and, therefore, of increasing child poverty.

*Welfare Benefits and Increases In Single-Parent Households.* We have alluded to the current debate on the effects of increases in welfare payments to the growing number of single-parent households. Most scholars consider the likely effect of increased welfare payments to have been very modest. One of the most telling argument against the idea that increased welfare causes more divorces and children born out of wedlock is found in the examination of changes in welfare payments and the increase of mother-only families. The proportion of mother-only families has

increased dramatically in the 1970's and has continued to increase, although at somewhat slower rates, during the 1980's. Yet, the real value of means-tested non-medical benefits, particularly Aid to Families with Dependent Children, has declined since the mid 1970's. The question that arises is how declining benefits can be held to cause increases in mother-only families.

Ellwood and Summers refer to this as a natural experiment on the effect of welfare on family structure.<sup>10</sup> They also note that wide variations exist in welfare rates between states. But little or no relationship can be found between the percentage of children living with two parents and AFDC payment levels. Nor is there an apparent relationship between the state rates and the patterns of childbearing and divorce in the states. Whatever the defects of the AFDC program it cannot be argued to have brought about the changes in family structure we have seen.

*The Missouri AFDC Program.* The AFDC program is administered by the Missouri Department of Social Services, Division of Family Services. The statutory authority for the program is Title IV-A of the Social Security Act. The program is supported by a combination of federal funds and state general revenue funds.

AFDC provides cash to families with children who have been deprived of support due to the absence or incapacity of one or both parents or the unemployment of the principal wage earner. Children who are eligible for the program must be under 18 years of age or if 18 they must be attending a secondary school from which they are expected to graduate before reaching age 19. The family must have income below a level set by the state. The child must be living with the parent(s) or with a close relative who makes application for assistance. The program is directed not only at families with low income, but at the least wealthy families. The family's resources, excluding their home, cannot exceed \$1,000. The family may own a car, but its value cannot exceed \$1,500.

Most families on AFDC roles are headed by female single parents. A small percentage, however, are two parent families. These are intact families in which the principal wage earner is unemployed and family income and resources meet AFDC guidelines. This program is called AFDC-UP (for unemployed parent). In any month approximately six percent of the individuals in families receiving AFDC are from two parent families. Children in AFDC-UP families comprise about eight percent of the total number of AFDC children in any given month.

The eligibility and benefit levels for AFDC are currently set by states. Each state must define the level

of need to be used to determine eligibility for the program. This is referred to as the AFDC "standard of need." The standard of need is supposed to represent the cash income that a family must have to subsist, that is to maintain a minimum standard of living. Then the state must determine how much of the standard of need it will actually pay to families.

The standard of need in Missouri is set low in comparison to other states. In 1987 it was \$312 for a three person family. Only four other states had set a standard of need lower than this.<sup>11</sup> The state's maximum benefit level was set at 90 percent of the standard of need. As of January, 1988, the maximum benefit for a family of three in this state was \$282. Some other states that set higher standards of need actually paid much less to families because their maximum benefit levels were set lower. Nevertheless, Missouri's maximum benefit payment ranked 38th of the 50 states and District of Columbia.<sup>12</sup> In 1987, the average payment to AFDC families in Missouri was \$263 per month, about \$100 less than the national average.

*AFDC Recipients.* It is important to understand that the AFDC population is dynamic, as is the poverty population. Some AFDC recipients remain on the welfare rolls for an extensive period of time--in some cases for generations. But others are among the short-term poor, passing out of eligibility for AFDC when their income increases. Participants in the AFDC-UP program typically have shorter stays on AFDC. (So, even though they receive more on a monthly basis the average yearly benefit paid to these families is smaller.<sup>13</sup>) Our primary focus here is on the children who live in families receiving AFDC that remain eligible throughout the year, children for whom poverty is a more or less permanent way of life.

Families receiving public assistance are a subset of all poor families with children. According to the last census there were 81,667 total poor families in Missouri in 1979 with related children under 18 years of age. There were 33,005 families receiving public assistance (mainly AFDC) that were poor in that same year. There were 38,225 poor mother-only families in 1979, while there were 22,032 female-headed families receiving public assistance. In the majority of cases the families receiving public assistance were families with children.<sup>14</sup> The relative percent of families on public assistance to all poor families was 40.4 and for mother-only families was 57.6 percent. Due largely to the worsening of the financial plight of mother-only families and their children and the rising poverty rate among children, a greater proportion of poor families have become eligible for AFDC and other public assistance benefits since 1979.<sup>15</sup> Based on our analysis of the CPS samples, we have estimated that,

by 1986, 46.4 percent of poor families and 61 percent of poor mother-only families in the state were receiving public financial assistance. We projected that by 1995, the proportion of poor mother-only families poor enough to qualify for AFDC will increase to 65 percent (and include 123,800 children).<sup>16</sup>

Using the CPS sample we can get some idea of just how poor Missouri's AFDC families are. The average total income of families receiving public assistance in the state in 1986 was \$4,708 (of which the average public assistance payment received was \$2,487). The average total income deficit for these families (that is, poverty threshold minus family income) was \$5,299. Thus, the average public assistance family's income would have to be more than doubled to reach the poverty level. The deficit for mother-only families is, expectedly, somewhat larger (\$5,382 in 1986). The average number of children in AFDC families in Missouri was 2.2.<sup>17</sup>

*Reducing Child Poverty through Increases in AFDC Benefits.* It would be very expensive to bring all recipient families up beyond the poverty line through increases in AFDC payments. (We have estimated that it would have taken an average increase in benefits of \$449 per month in 1986, and an aggregate of \$366 million, to bring all mother-only families who received AFDC all year up to the poverty line.) But what, for example, would be the impact of raising the average payments to AFDC families in Missouri to the national average--an increase we have noted that would be about \$100 per month per family? In particular, how would such an increase impact on children in hardcore, permanently-poor families?

In 1986 an added \$100 per month per AFDC family would have come to \$6.67 million per month or \$80 million for the year.<sup>18</sup> Of course, this money would have been distributed across all families receiving AFDC but we estimate that \$33 million would have been paid to poor (throughout the year), mother-only families with children. Each of these families would have received about \$900 per year.<sup>19</sup> Our analysis of the CPS samples showed that .7 percent of the population of children in poverty in these families would be removed from poverty. This would have amounted to about 900 children.

This is such a small number that there is a tendency simply to dismiss it as useless. Focusing on the number of children being removed from poverty, however, may be misleading. These families on year-round welfare are deep in poverty--children in families in which poverty is a long term condition. More than anything else this should not cause us to refrain from action, but to recognize how severe the plight of these children is and how serious the need for action is. It is also im-

portant to note that Missouri is not standing still in regard to the level of AFDC benefits. It is *going backwards*. This trend in and of itself translates into increasing poverty among families with children and a greater percentage of children in poverty each year.

If the \$100 increase were maintained in real terms through 1995 then we would assume that gradually increasing numbers of poor children would be removed from poverty until a maximum of about 1,300 (.7 percent of 189,300) children was reached. (The effect of this reduction on the total poverty rate among children would be on the order of .1 percent.) In addition, the income of all such poor families and other near-poor families would be enhanced by amounts equivalent to 1986 values presented earlier.

## **B. Employment, Training and Education**

*In this section issues related to the self-sufficiency of the parents of poor children are examined. These include growth of employment opportunities, training and preparation for work, the absence of child care and health insurance as barriers to work, improving the linkage of education to work, improving the effectiveness of the employment/training/education system through coordination, and the use of state general revenue funds to supplement these programs.*

The availability of jobs that pay a living wage is the first prerequisite for reducing poverty. Increases in unemployment can throw thousands of children in Missouri into poverty. Also, the proportion of "low earners" or family heads whose weekly earnings cannot maintain their family above the poverty line, has increased in recent years. Changes in unemployment rates and median income of males predict the rises and falls in the rate of poverty of children in male-present families. The lack of good jobs may also contribute in the longer term to the formation of mother-only families. Wilson, as we have noted, has argued that this problem is particularly acute in the black community where entrenched and staggeringly high unemployment rates among men have reduced the number of "marriageable men." One key to reducing poverty among children, therefore, is *providing enough jobs for the working poor or near-poor that pay wages sufficient to support families with children.*

Secondly, poor parents and parents-to-be must be educated and trained properly for work. In the short term this involves skill training and retraining, workplace literacy and job seeking assistance. In the long term it means good education, dropout prevention, appropriate vocational training, and assistance in transition from school to work. Preparation for work also involves removal of barriers that the heads of poor families experience in seeking work. For many poor families, especially single-parent families but also two parent families, this means assistance with child care while they are working. For those families that have no medical insurance or for whom work means loss of medical insurance, lack of health care may be a significant barrier to work. Thus, a second key in reducing poverty among children is *raising the skill level, improving the educational background and removing the barriers to work of parents.*

Finally the education, training and service systems must be capable of assisting poor parents to become self-sufficient. The fragmented nature of the current system, which is spread across many agencies, works under differing rules in different locations, is counterproductive. These problems are exacerbated by the chronic underfunding of programs. For educa-

tion and training to be effective *there is need for coordination of services and increased funding.*

### ***Employment Growth and the Poverty Rate of Children***

The most effective method of reducing poverty among children in the near-term is to put poor parents to work who are able and are not now working and enhance the earnings of the working poor. This topic is discussed in the context of the likely shape of the future labor market. The need for statewide policies is examined along with special efforts that might produce jobs for low-income families.

Since changes in income and unemployment affect the poverty rate of children, projections of the future of Missouri's economy have implications for the future of poverty. In the past year there have been several reports on the future of the U.S. and Missouri economies.<sup>20</sup> In this section we will review some of the implications of these studies for poverty and consider some of the recent recommendations of the Missouri Opportunity 2000 Commission.<sup>21</sup>

*Inflation.* Following national projections, Missouri is predicted to have a lower rate of inflation in the period 1986 to 2000 than was characteristic of the state in the years from the 1975 to 1986 period, although Missouri's rate may be higher than the nation as a whole.<sup>22</sup> Unfortunately inflation is not the cruelest tax so far as the poverty population is concerned. Unemployment is crueler.<sup>23</sup> On balance the future of employment and unemployment is more important for the poor.

*Employment and Income.* All projections agree that during the next few years the growth of the labor force both nationally and in Missouri will slow. In Missouri in the 1970's the labor force grew 20 percent. The rate of increase is expected to fall to 13 percent during the 1980's and to 9 percent in the 1990's.<sup>24</sup> Other things being equal, an effect of this change may be a lower average rate of unemployment. Of course, other events may intervene to drive unemployment higher than predicted.

If the rate of unemployment does decline then poor and near poor children will benefit. But employment by a household head, even full-time, year-round employment, does not guarantee that his or her family will not live in poverty. In 1987, nearly two million Americans worked at full-time, year-round jobs, yet remained in poverty, a figure that was up 44 percent from 1979. Thus, the problem for the poor is not just employment, but income, or access to higher paying jobs than most are typically able to get. Therefore, the type and quality of jobs that will be available in the fu-

ture in Missouri is also critical if work is to have an impact on poverty.

*Occupational Trends.* In general, if there is a substantial reduction in unemployment rates we would expect some reduction in child poverty rates. However, current and predicted occupational trends may lessen the positive impact of decreasing unemployment on poverty. Specifically:

1. The children who are most persistently poor are found in minority families. During the past decade the rates of unemployment and earnings among minorities have worsened relative to whites. There is no reason to think that this will not continue into the future.<sup>25</sup> It may, in fact, be intensified by the pattern of industrial development. Minorities tend to be over-represented in industries that have a projected decline in jobs. For example, manufacturing is projected to lose jobs to the end of the century. This means proportionately greater job displacements among minorities. These trends mean that many children in black families with a parent who works or seeks work will continue to experience poverty even if the general unemployment rate lessens.

2. A large group of Missouri's poor children are found in rural areas. Agricultural employment is projected to undergo a further decline both nationally and in Missouri. The decline will be concentrated mainly in self-employed and unpaid family agricultural jobs.<sup>26</sup> This group of workers will be displaced not to traditional manufacturing jobs with better pay, but to service occupations that may pay more poorly.

3. The projected increase in part-time work will reduce the positive impact of lowered unemployment on poverty.<sup>27</sup> Although the official full-time work week remains at 40 hours, the *de facto* work week is shortening in length and will continue in part because of the projected increase in employment in service industries. This will lead to a reduction in benefits associated with full-time work and to a reduction in earnings. Working heads of poor families may find it more difficult to obtain full-time work. This may in turn accelerate the trend toward the involvement of both parents in the work force as more low-income two-parent families scramble to make up the loss in income. There is potential here for lowered real earnings in working poor families.

4. Many of the occupational areas predicted to grow most also have higher educational and skill requirements. Jobs in service occupations are projected to increase. Those jobs that pay the most such as administration, marketing and sales all require higher-level skills. Teachers and technicians and managers must as a rule have education beyond the high school

level. These are the better types of jobs that will be opening up between now and the end of the century. The average educational requirement of jobs that will be created in the final decade of this century will be 13.5 years.<sup>28</sup> The parents of poor children, on the other hand, are the least well educated as a group. They have the lowest median number of years in school, greater numbers of drop-outs and more individuals who are illiterate. Unless action is taken it is possible that we will see increasing numbers of heads of families with children that are unable to hold jobs even when they are available.

5. A fifth and final factor is that the largest projected occupational growth in absolute numbers will be in occupational areas in which poor and near poor individuals work. These include jobs such as waitresses, janitors, home health aides, check-out clerks and others. These jobs pay low wages, often sub-poverty wages. They are more likely to be part-time and lack benefits. They are also more often seasonal or subject to frequent lay-offs.

It is not enough, therefore, to keep the unemployment rate low. To assist poor children through jobs it is necessary to improve the quality of existing jobs and to create new jobs that pay wages on which a family can survive.

*Enhancing Employment through Economic Development.* Poor families and, therefore, poor children are likely to benefit from economic growth, if the following occurs:

1. general economic development efforts are successful in keeping jobs in the state, attracting new employers to the state and assisting current employers to expand;

2. special development efforts are targeted at geographical areas where high rates of poverty persist, including efforts to keep industries from moving from such areas (Note: A bi-partisan group of Senators including Senators Danforth and Bond of Missouri recently sponsored a bill to establish a Mississippi Valley Commission to develop a long-term economic plan for an area that would include Missouri booneheel counties);

3. special development efforts are targeted at small businesses encouraging them to create jobs and to hire and train poor or unemployed workers;

4. an effort is made to effect changes--in the form of improved wages and more full-time work--in the occupational areas in which the heads of poor families are now employed and are likely to be employed in the future;

5. economic development efforts are synchronized with an integrated and comprehensive employment and training program that offers opportunities to poor families with children by insuring that they participate in E&T activities.

*Synchronizing and Coordinating Employment Development Efforts.* Recommendations for creating more and better jobs have been made recently by the Missouri Opportunity 2000 Commission appointed by the governor to examine future economic development and employment expansion in Missouri.<sup>29</sup> Some of the recommendations of the commission will be useful to reiterate.

The commission recognized the problem we have addressed here. A growing number of jobs are predicted relative to the work force as the latter shrinks. At the same time there may be labor shortages due to the lack of individuals skilled enough to hold the jobs. In regard to child poverty this would mean a large set of families with permanently unemployed heads, and, in turn, more children in poverty of a kind that is intense and long term. It would also mean more public financial support for such families.

The Commission recommended that an *Office of Productivity Improvement* be established within state government. This office would have as its purpose advocacy with employers and employees for strategies of improving productivity, the quality of jobs, the work environment and job security. The Commission mentioned several specific areas that will need work including reasonable benefits for employees in service industries and full-time employment for workers in service jobs.

The Commission also recommended that a *Missouri State Council for Full Employment* be established. The purview of this council would be very wide, encompassing traditional public training programs, the public education systems, training provided by business, training sponsored by labor, economic development activities, the labor market information and labor exchange system, and the welfare and economic maintenance system. Such a commission would be established by the governor and would report directly to him.

The Council would develop measurable objectives for the state, implementation timetables, and even specific courses of action. As we understand it, the purpose of the commission would be to bring coherence and coordination to public and private sector activities for enhancing employment. Since it would report to the governor, it would also serve as a mechanism for the governor to exercise the central

leadership that only he can bring to statewide problems.

Another recent development in the State is the creation of the *Missouri Women's Council for Economic Development and Training*. This body is a 15 member group that includes business representatives, members of the legislature, and concerned citizens. In state government it is located in the Department of Economic Development. The Council addresses issues central to the economic and employment status of women in Missouri. It provides educational and training programs for women and focuses on special need populations and geographic regions. It maintains an inventory of existing programs relating to the needs of women in the state and is a clearinghouse of information relevant to the economic status of women in the state. One of the central problems surrounding the poverty of children in the state is jobs for their mothers--both single and married. Any effort to develop jobs or specialized training for women (such as welfare reform programs) should seek the involvement of this council.

*Creating Jobs for Families of Poor Children through Leveraging.* In 1984 the state of Maine developed its Small Business Finance and Employment Training (SBF&ET) demonstration project. Although the project is very small in scale it offers some hope that job creation activity can be directed toward the families of poor children. The project sought and obtained funds from a variety of sources (foundations, churches, the state economic development agency, JTPA private industry councils). The focus was on small business owners and on Maine-owned businesses. (This is similar to the emphasis of the Missouri Opportunity 2000 Commission report.) Essentially the SBF&ET assists small businesses in beginning or expanding. Loans are offered to the business, and in this process the project has used \$3 million to leverage \$12 million in equity, bank financing and other financing for some 30 businesses since 1984.

An SBF&ET investment officer and employment developer work with the business owner to develop plans for the business. A key element of this plan is that the owner must agree that a minimum of one-third of all new jobs will be offered to low-income people, including welfare recipients. The local employment and training programs are involved in this process since it is they who will refer individuals to the new business. This small set of businesses is expected to create 700 new jobs over seven years. Of these 325 or nearly half will be filled by economically disadvantaged individuals. The investment officer monitors the development of the business and the employment

developer works with the business to facilitate job placement and retention.<sup>30</sup>

Missouri currently has a Small Business Assistance Center located in the Department of Economic Development (DED). Services offered by this center are said to include credit analysis, loan packaging, business planning and start-up counseling.<sup>31</sup> A respondent interviewed within the Center indicated that actual services tended to be limited clearinghouse functions and that there were currently no seed capital programs.

Missouri does offer direct loans through several programs. One that affects low and moderate income workers directly operates as a part of the Community Development Block Grant program. These funds are called Missouri Development Action Grants (MoDAGs). Grants of up to \$400,000 may be made to local governments, and in turn they may provide low-cost loans (interest rates are tied to cash flow) to businesses that create or retain jobs for low and moderate income workers. Since this program is a part of the federal Community Development Block Grant program 51 percent of the workers hired in such companies must be defined as low or moderate income individuals (prior to being hired). This does not mean poverty level income. In St. Louis, for example, workers with previous incomes less than roughly \$22,000 to \$28,000, depending on family size, fit the criteria of the program. Thresholds vary for other parts of the state depending on the average income level.

This program and all economic development programs in the state that assist businesses to start or expand have ramifications for poor children whose parents are able to work. However, Missouri might well consider other specialized economic development programs that tie assistance directly to employment of individuals currently enrolled in state employment and training programs such as those described below (JTPA, METP, JOBS), like the Maine programs we have highlighted.

*Assistance in Self-Employment of Low-Income Individuals.* The state of Iowa has begun a program to provide low-interest loans to low-income persons to enable them to start or expand small business ventures. The program is called SELP (Self Employment Loan Program) and is funded through state general revenue funds. It is administered by the Iowa Department of Economic Development. Loans may not exceed \$5,000 to any single applicant. The interest rate may not exceed five percent per year. To become eligible individuals must meet Job Training Partnership Act (JTPA) eligibility guidelines (see below).

At first glance such a program might seem peripheral to the likely employment possibilities of the heads of poor families. This is not the case. A surprisingly large proportion of the full-time year-round working poor are self-employed. For example, in 1984 about one-third of such workers were self-employed.<sup>32</sup>

This program has the advantage of applying job development activities and funds directly to the low-income individual or family. It is based on a recognition that there are individuals in poverty with skills and initiative who with modest assistance can become self-sufficient. Since so large a proportion of the working poor are self-employed yet poor it might be worthwhile to direct a portion of such efforts to upgrading currently existing businesses of the poor.

Perhaps job/business upgrading could include efforts to link poor individuals together in cooperative arrangements. To take just one example, those poor parents whose work is child care for others might be assisted in upgrading their services, in joining forces with others to provide day care, and, through low cost loans, improving the quality of facilities and equipment and/or, through education, upgrading their qualifications to provide these services. Improve their productivity! We know that demand for child care will grow as both parents in more and more families work. Why not assist heads of poor families to support their own families by providing such services? There are many other areas in which a similar tack could be taken including house cleaning and janitorial services, buying services, trash and hauling services, and so on.

(In the child care area the state should consider applying for one of the demonstration project grants under the new Family Security Act which funds projects to employ welfare recipients as child care providers.)

This type of program would presumably work best as a coordinated effort between employment and training programs and representatives of DED, since analysis of business needs along with technical assistance and support in developing the business will often be required.

*Enterprise Zone Programs.* Missouri was one of the first states to take advantage of the federal enterprise zone initiative. The state authorized these activities in 1982. This program permits units of local government to apply to be designated in this way. The area must have high unemployment and pervasive poverty to qualify. Businesses in the enterprise zone are eligible for special tax benefits. Part of this tax package permits the business a \$100 tax deduction for

each "difficult to employ" worker who lives within the zone. This deduction remains in effect for a ten year period and therefore the benefits are cumulative in nature. Employees may be defined as difficult to employ who have exhausted their unemployment benefits and have remained unemployed for 90 days, are recipients of AFDC or General Relief, have had difficulty in locating a job or are under-employed.

This program is particularly useful as a means to retain businesses within an area that is suffering general distress and economic difficulties. Although we cannot determine the extent to which poverty is relieved, programs generally that are targeted to low income areas have the potential to assist the working poor.

*Unemployment, Job Creation and Child Poverty.* During the late 1970's and the 1980's the child poverty rate in the Midwest has risen, but it also appears to have fluctuated up and down corresponding to changes in the rate of unemployment. Whether this relationship will continue cannot be said. Perhaps it will weaken as some of the factors we have mentioned begin to play a larger role. Combating unemployment, however, will continue to be an essential and central strategy in any campaign to reduce child poverty.

We conducted an analysis of the CPS sample of families with children in Missouri. We found that in about 40 percent of these families, including both married couples and single parents, someone was working at a given point in time. (A much larger proportion of these families have a worker at some time during the year.) The average annual earnings of these working families was \$6,376. Most of this income was from wages (80%). The rest came from a variety of sources including social security, supplemental security payments, unemployment insurance, veterans' benefits, public assistance payments, and others. The low earnings resulted from layoffs and unemployment for part of the year, part-time work, and jobs that paid poorly. Whatever the reasons for the low wages, each of these families was in need of some upgrade to a better job. The average income needed by these families to lift them to the poverty level was \$9,882. This amounted to an average of \$4,778 above their current wage levels. This is equivalent to a yearly wage for one person working full-time at \$4.68 per hour in 1986 dollars.

If a falling unemployment rate reflected jobs obtained by the working poor at this wage level, a reduction in the child poverty rate could be expected. If each of the poor families working at the time of the census survey in the state (approximately 46,000) had been helped to obtain such a job, the child poverty rate in Missouri would have plummeted to around 11 percent. It would have taken approximately 6,200 of these

job placements to have reduced the child poverty rate by one percent.

Of course, the problem is not simply one of giving jobs to a unchanging population of poor families. The poverty population is dynamic. This is especially true of working poor families, many of which are in poverty for relatively short periods. At any time there are always families escaping poverty through finding employment and improving their employment. There are also families descending into poverty by losing their jobs or through decay in the quality of their employment. This action, then, involves creating jobs directed at *low-income families* with children, both poor and near-poor.

For job creation and enhancement to be effective it must include either: 1) newly created jobs; 2) existing jobs held by low-income workers that were upgraded (e.g. from minimum wage to \$5.00/hr.); 3) part-time jobs held by low-income workers that were expanded into full-time jobs; or, perhaps, 4) existing jobs that would otherwise have remained unfilled throughout the year.

### *Training and Preparation for Employment*

The other side of putting people to work and enhancing earnings lies in addressing the need of heads of poor families for education and training. In this way they may be assisted in moving to work with better pay and benefits. Others will need retraining as they are displaced from occupations that are in decline. Training and preparation for employment are the subjects of this section.

We present a discussion of the the major employment and training efforts in Missouri and the likely effects of E&T programs in reducing poverty. The analysis presented may lead some to be discouraged about the potential of such programs to substantially reduce child poverty. We feel, however, that the true potential of such programs to change people's lives has been lessened by their fragmented nature. A response to this problem is taken further on in the report.

Opinion polls indicate that nearly three of four Americans regard support for assistance in training and in finding employment as the best means to combat poverty.<sup>33</sup> This view is shared by people who are poor. A recent survey of poor people concluded: "The need for education and training among poor people was one of the strongest findings of the survey." When asked what they required to achieve the kind of job or income they needed, respondents were more likely to point to their own skill deficiencies than to external circumstances. The perceived need for education and training was found in every location included in the

study and among every category of respondents regardless of age, sex, race or ethnicity.<sup>34</sup> In our own study of women and work in Missouri cited in Part One, a majority of the women surveyed who were household heads said that a lack of job preparation--education, training, work experience--was a serious barrier to their obtaining the kinds of jobs they needed to support their families.<sup>35</sup>

There is no doubt that popular support exists for the notion of assisting the poor through training programs. This has been translated into a variety of publicly supported programs since the early 1960's that are targeted at individuals with low incomes. The history of public training in the nation and Missouri is beyond the scope of this report. In this study we will focus on three current programs in the state.

The first is the latest in a succession of programs aimed at providing training and retraining to unemployed and low income individuals throughout the nation. It is called the *Job Training Partnership Act (JTPA)* and replaced the CETA program in 1984. JTPA programs have among their participants all the different types of heads of poor families that we have seen in this report. This includes married-couple and single-parent households among the working poor whose heads are in need of training and assistance in obtaining employment. It also includes those individuals who have no training or work experience. Because it is aimed at many different types of individuals and is not associated with welfare, it has less of the stigma that is associated with some programs for the poor.

The second program we will look at is the *Food Stamp Employment and Training Program (FSET)*. In Missouri this program is called the Missouri Employment and Training Program (METP). This is a new program aimed at food stamp recipients who are judged to be able to work. In terms of numbers of individuals enrolled in the program the FSET is a significant employment and training program. It is seriously under-funded, however, and can provide only minimal services.

We will also examine a third program that does not yet exist in Missouri except in rudimentary form. This is the *Job Opportunity and Basic Skills Training Program (JOBS)* for AFDC recipients that Missouri is required to create under the Family Support Act of 1988.

These programs all fall under the general rubric of Employment and Training or E&T.

*Types of Employment and Training Activities.* Employment and training programs use (or can use) a variety of techniques to improve the employability of

the individuals with whom they work. The simplest and the lowest cost methods assist participants to find employment. In *supervised job search* the participant reports to a supervisor who monitors his contacts with employers as he applies for employment. *Job search assistance and training* usually involves counseling and or training in the techniques of seeking and applying for employment. This may also involve supervised job search. The *job club* is more complex. A typical job club is composed of a small group of unemployed individuals. It may last for two to four weeks. It involves vocational exploration and discussion in a group context, job search training, and assistance in searching for employment. In some cases the job club also includes child care and transportation assistance. Job search may be carried out by telephone in a group setting. An essential element of the job club is group camaraderie and group support for the individual.

Although these types of programs are sometimes classified under the general title of employment and training, the term usually refers to activities of longer duration that will improve the education and skills of participants. *Classroom skill training* involves education in a particular skill or set of skills, in a public or private vocational school. In *on-the-job training* the participant is hired by an employer who pays him normal wages and provides training in job skills. The employer in turn receives a subsidy equal to some fraction of the participant's wages. *Work experience* is an activity designed to provide participants who have not previously held a job with time in the workplace. It often involves work in the public sector. Employment and training activities such as these are usually paired with support services such as vocational exploration, counseling concerning career and personal problems, and other forms of assistance such as child care and transportation allowance. If the participant is not placed in a job immediately he may be enrolled in a job search program such as we have described.

Finally, employment and training may involve *subsidized or supplemented employment*. This is a job, usually in the public sector, but also in the private sector, in which some or all of the wages or salary of the participants is paid by the program.

*JTPA.* The Job Training Partnership Act funds the primary employment and training program that targets the economically disadvantaged. The capacity of the JTPA program is constrained by the size of its budget. Only a small fraction of the employable poor are served by JTPA. The 1987 budget permitted assistance to no more than 1 in 20 eligible persons nationally. (JTPA's budget in 1988 was about one-quarter the size of CETA's a decade earlier which peaked in 1978. Adjusting for inflation, the federal

government spending on the program this year is about 15 percent its spending of a decade ago.)

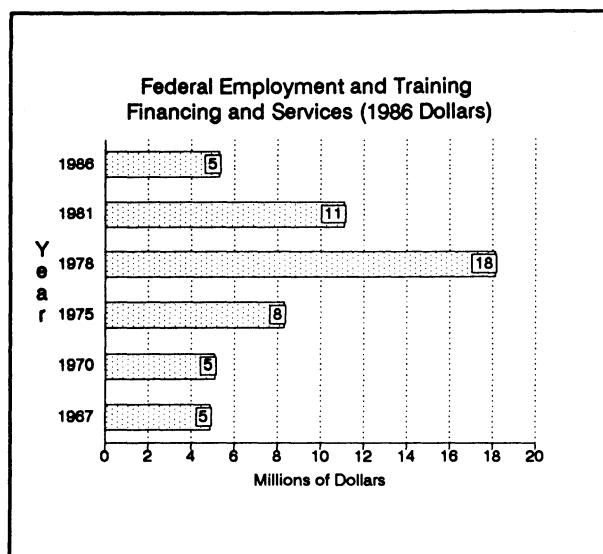


Figure 3.1

The core of the JTPA program is funded through Title II of the Act. To be eligible for programs funded under this title individuals must be from families with incomes at or below the poverty line (or 70 percent of the lower living standard income level). Economically disadvantaged persons who are receiving cash welfare payments under federal, state or local programs are also eligible, as well as food stamp recipients, foster children receiving public support and handicapped persons with limited means.

In Missouri, JTPA programs serve over 20,000 persons from poverty families a year. As a whole former participants appear satisfied with the services they received. In surveys that we have conducted of former participants, significant majorities have reported general satisfaction with the programs as well as specific satisfaction with the types of training and jobs they got.<sup>36</sup>

The job of operating an effective JTPA program has been made difficult by more than shrinking budgets. The basic mandate of JTPA is a difficult one. On the one hand program operators are required to focus most of their efforts on countering structural unemployment serving persons who are the most economically disadvantaged--individuals who typically have severe and multiple impediments to employment and often require intensive E&T and support services. On the other hand operators are required to meet performance standards that place a premium on their making a large number of job placements on small average costs--standards which promote short-

term, quick-placement activities for participants who have been "creamed."

One consideration in producing a greater and longer-term impact on families in poverty is to resist as much as possible the pressure that current performance standards place on short term services and outcomes. Ways should be sought to define and measure program success in terms of longer-range outcomes. This affects the type, adequacy, relevance and length of training provided as well as, importantly, the comprehensiveness of support services. It also affects the types of job placements made. In a JTPA follow-up study conducted by IAR in 1986, we found that one of the most significant factors associated with long-term job retention after termination from the program was entry wage. Participants who had obtained better paying jobs were much more likely to retain those jobs and still be working than their peers who were placed in lower paying jobs.<sup>37</sup>

A second consideration is to resist the temptation to "cream" potential clients. It is the view of some JTPA analysts that the very individuals who are screened out because they require intensive training services or remedial education assistance, or do not fit the "needs" of local employers, are often the ones who most need to be screened in.<sup>38</sup> At the very least, the best use of limited resources should dictate a policy in which those who are least likely to find adequately-paying jobs on their own are targeted and helped to obtain jobs they could not get on their own.

The harshest criticisms of the CETA program focused on the public service employment component (a form of supported employment in the public section). This was not retained in JTPA. A major concern involved fiscal substitution: using federal funds to finance employment and training activities that would have been self-financed in the absence of federal funding. A related concern with any E&T program is one of worker substitution: that a program participant merely displaces some other job seeker who would otherwise have been hired. Under JTPA, with its promotion of close private sector links, a similar problem emerges that must be avoided. This involves the substitution of training funds: using federal funds to finance on-the-job training for private sector employers who would have financed the training in the absence of federal support. While strong ties with employers are essential for an effective program, effectiveness will be superficial at best and illusory at worst if this happens. (The Missouri Opportunity 2000 Commission recommended that private employers in the state "accept more responsibility for providing training and retraining for their employees

in order to help them become more highly skilled and productive.")

Finally, despite the positive effects of JTPA programs they cannot do the job alone. Without a sound education system, enough jobs, adequate wages and strict enforcement of anti-discrimination laws JTPA cannot be fully effective. Moreover, even at the program level JTPA cannot operate effectively in a vacuum. That many JTPA participants have multiple and complex needs that must be addressed if they are to become truly employable was recognized in the enabling legislation. JTPA requires states to enhance coordination among service programs so that the efficiency and effectiveness of the program can be increased. Nonetheless, employment and training programming continues to remain largely fragmented. In many ways, with separate initiatives and programs to serve food stamp and welfare recipients in recent years, this fragmentation is being increased. There is a crucial need that goes well beyond the JTPA program to bring the various elements of E&T and service programs together into a coherent system.<sup>39</sup>

*Food Stamp Employment and Training Program.* In 1987 new federal regulations were issued for the Food Security Act that require states to establish an employment and training program for food stamp recipients. The intent of the program is to "assist members of households participating in the Food Stamp Program in gaining skills, training, or experience that will increase their ability to obtain regular employment." States have considerable flexibility and discretion in designing the programs, which are largely mandatory in nature. By FY1990, 50 percent of the state's non-exempt food stamp recipients (i.e. those who are subject to mandatory work registration and without a recognized work impediment) must participate in some E&T activity. It is up to the state to decide who must participate.

The mandatory nature of participation is a major difference between this program and JTPA. Another major difference is the level of federal funding that states receive. Whereas the Missouri JTPA program has available about \$1,600 for activities and services for each participant, the food stamp program must deliver E&T services for an average of about \$50 per participant. The type and extent of services that can be provided with these funds are obviously affected.

Currently in Missouri, mandatory work registrants are referred by DFS offices to local Job Service offices where they engage in a monitored job search program. The Food and Nutrition Service, which has federal responsibility for overseeing the program, has encouraged states to utilize a broad range of employability enhancement services and

programs in order to help work registrants obtain employment and remove themselves from food stamp rolls. But the limited funds available to states severely restrict program options. Most states, like Missouri, rely heavily on a monitored job search program. But a number of states, including Missouri, have begun to develop linkages at least on a limited basis between this program and other employment, training and educational programs. The hope is that some work registrants will satisfy their obligation in ways that match their needs.<sup>40</sup>

The limited, inter-program linkages that are expected to begin this year in Missouri should broaden the base of the program and yield some positive outcomes. However, as long as the METP remains largely isolated from other E&T and education efforts that target the economically disadvantaged its effectiveness will be severely limited and its real impact on poverty negligible.

Most states with on-going welfare reform activities (such as California, Massachusetts, Michigan, Minnesota) have integrated the food stamp employment and training program into these efforts. METP funds can be used to promote inter-program integration in Missouri. Even if we discount the basic grant to the state that is currently used to pay DES to operate the monitored job search program two opportunities exist.

1) Beginning in FY 1989, states will receive performance bonus funds for their food stamp E&T programs. While the amount Missouri should receive is relatively modest (about \$200,000 - \$400,000), some of these funds might be able to be used to help develop a more coherent E&T system in the state (although federal regulations are not available as this is written and possible limitations on the use of these funds are not now known). It would be a serious mistake to use these funds simply to expand the current monitored job search program. One possibility is to assess the feasibility of using these funds to complement the state's Learnfare initiatives. The problem of workplace literacy may be the natural link between Learnfare and METP.

2) The second opportunity is for the state to take advantage of the matching funds provision of the Food Security Act. Through the Act the federal government will match 50 percent of any costs incurred by the state above its basic grant level. It is highly likely that there are now state education dollars spent on remedial education and literacy activities that could be used as part of a state match to increase the funding of the METP program. It would require only the targeting of basic skills or workplace literacy among the food stamp population. Such added federal funds

could also be used to complement state spending on the Learnfare program and/or on welfare reform activities soon to be required by the new Family Security Act.

On September 19 of this year, the President signed the Hunger Prevention Act of 1988. Among other things, this act amends some of the E&T provisions of the Food Security Act. The new Act increases the amount of financial support (reimbursement) for employment-related support services to be paid to participants. In addition, new performance standards have been mandated. Current standards measure participation in E&T activities only. This coupled with the low level of per-participant funding has caused most states to rely on superficial, low-yield activities, such as monitored job search as the core of their programs. These activities focus on the number of participants served rather than more comprehensive activities to help clients with serious employability deficiencies. The new law requires that performance standards be developed consistent with those now used in JTPA and the new welfare reform (described below) work programs that measure outcomes and encourage treatment of those harder to serve. The new law also mandates the development of incentive payments based on the new performance standards.

*Employment and Training through Welfare Reform.* The recently passed Family Support Act of 1988 will require states to develop a plan for a comprehensive education, training and work program targeted at welfare recipients. This law represents a shift in the emphasis of the AFDC (in the future to be called the Child Support Supplement) program from income maintenance to transition from welfare to employment. It will make available federal funds to states to apply to education, training and other activities that prepare welfare recipients for independent employment.

Like the food stamp employment and training program, this program is the responsibility of the state welfare agency (in Missouri, the Division of Family Services, Department of Social Services). The agency will have the option of carrying out the activities itself or contracting with other public and private agencies and organizations to provide the employment and training services.

Like the required plan for the food stamp employment and training program, the state must justify its employment and training efforts in terms of the number of participants and the nature of the local economy. It must assure the involvement of the private sector and local governments through coordination with local JTPA administrative entities in planning and program design. This is to assure that

participants are trained for jobs that are actually available in the community. States must assure that they will not use federal funds made available through the act to duplicate but to augment existing services for welfare recipients.

All adult recipients will be required to be informed of the JOBS program. The program will be mandatory for all non-exempt recipients. Exemptions will be allowed for individuals who have a child under the age of three, are ill or are needed in the home to care for an incapacitated child, a person who works 30 or more hours per week, a person who resides in an area of the state where the program is not offered, and other such reasons. In two parent homes the exemptions would apply to only one parent and if the children are over three years of age the state would be permitted to require both parents to participate if appropriate child care is available.

States will have flexibility in developing the particular mix of education, training and support activities to be used in their version of the JOBS program. State plans must provide for assessment of the educational needs and the employability of welfare recipients. The program must include provision for basic education and skills training. It may include any or all of several activities as they are appropriate for particular participants: remedial education, post-secondary education, on-the-job training, training in job readiness skills, job development, job placement and others. In addition, states must also offer two of the following three activities: work supplementation programs, community work experience programs, or job search programs.

This latter requirement will bring significant shifts in the Missouri welfare program. Job search is available in many forms and locations in the state. As we have noted, the food stamp program has been built around job search activities which are conducted under contract by the Missouri Division of Employment Security. In addition, most JTPA local Service Delivery Areas offer some form of job search to their participants. Job search is useful to participants if properly conducted, but we would urge that the welfare to work program not be *centered* around this activity, particularly if there is only monitoring of job seeking but no actual assistance or training. Many welfare recipients need other more intensive E&T activities if job search is to be helpful to them. As we note below there is some evidence, particularly with women, that the more intensive the program the more effective and long lasting the results.

Supplemental employment is a job provided by the state or local agency administering the program or one provided by any other employer for which all or

part of the wage is paid by the state or local agency. The law in effect permits the state to apply the funds that would ordinarily be paid in benefits to these jobs. A critical element in the success of this program, if adopted by the state, is that the jobs be *real* jobs that permit the possibility of developing skills and perhaps job advancement. Under this activity the participant will receive a real salary or wages rather than child support supplement payments.

Community work experience, as we have described it, is public oriented work for participants who cannot otherwise find regular employment. The law requires that these jobs be designed to improve the employability of the participants--involving actual work experience and training. Under this program the family will continue to receive child support supplements but the adult(s) will spend time in work experience commensurate with the payment.

A number of points should be made about the JOBS program. We present these here as simple assertions. Each needs to be investigated as welfare E&T is developed.

1. The JOBS program in any state will involve at least two of the three activities just mentioned (job search, supplemental employment or community work experience). Supplemental employment and work experience both have a value for a subset of welfare parents, perhaps the majority. In displaced homemaker programs (mainly enrolling older women) and in adolescent pregnancy programs a common characteristic is no contact with (or extended absence from) the labor market. On the other hand, there is a set of participants who are short term welfare recipients and who have worked before. These individuals may profit greatly from *assisted* job search or a job club.

2. It is a fair assumption that Missouri, which already has a demonstration adult basic education program for welfare recipients called Learnfare (see below), will include ABE or GED preparation as part of its program. Furthermore, as we note in the sections below on education and adolescent pregnancy for many parents on welfare roles this is an essential starting point for advancement to work. Lack of a high school diploma or GED and/or functional illiteracy simply screens-out parents from meaningful work, without regard to their intelligence or potential.

3. If a relationship is established with the JTPA programs around the state then the program may also include skill training and on-the-job training for the participants. We believe this would be a very useful approach. The program should permit clients for whom it is appropriate to go beyond mere job search

and work experience to a more intensive program of education or training culminating in job placement and follow-up.

4. There are other needs that welfare recipients will have. Closely supervised programs that use a case manager, as the Act permits, will come closer to providing the kind of individual attention that many parents of children require if they are to successfully escape welfare.

5. The implication of all these elements, then, is that such a program would involve a complex mix of activities. This means that initial assessment would be critical for the program. This would not necessarily require the institution of elaborate testing procedures. It does mean, however, that certain groups of clients can and should be channeled into appropriate program components.

6. The only existing agencies in the state that are able to offer all these activities to participants from diverse backgrounds are the local JTPA Service Delivery Areas (SDAs). Consequently, these agencies should be considered strong candidates if the state decides to contract with another agency for services.

The choices that are made in designing this program, we believe, will have enormous influence on its effectiveness. And, from the standpoint of this report the effectiveness of welfare reform is not found primarily in reducing welfare benefits but in permitting welfare recipient *and their children* to achieve a more independent and financially viable life. This means activities that lead to employment that pays a living wage and represent an opportunity for the family to leave welfare permanently.

*Precursors of Welfare Reform.* The Family Support Act is the result of an effort to reform the welfare program that has been going on for a number of years. As early as 1967 the WIN (Work Incentive) Program was enacted and was made mandatory in 1971. This program required all able-bodied adult recipients to register with the state job service, to participate in job training and job search activities and to accept employment offers. It was designed to be an inter-agency program with the state Employment Service. Unfortunately the program has been chronically under-funded to the present day. Consequently it never fulfilled its prospects and remained small both in terms of the number of clients served and the extent of employability improvement services offered.

In 1981 congress passed legislation that permitted states to make "workfare" mandatory under the Community Work Experience and Training Program (CWEPP) provisions of the Omnibus Budget Recon-

ciliation Act of 1981 (OBRA). This meant that states could establish programs to require welfare recipients to work in exchange for their welfare grants. This program also permitted states to set up on-the-job training programs in which the welfare grant would be used as a wage subsidy to employers who train participants. States were permitted flexibility in their WIN programs (the WIN demonstration programs). A number of states set up workfare and/or Win demo programs. The programs took on a variety of forms. These programs have been described and discussed extensively.<sup>41</sup>

They have varied in design from very simple approaches involving supervised job-search and job-search assistance to full employment and training efforts that include most or all of the E&T elements we have described.

Missouri's efforts in offering education and training to welfare recipients have been limited. Missouri has recently been piloting at three sites a program initiated by the Governor called *Learnfare*: St. Louis City, Kansas City and in the Missouri boohel. Small numbers of welfare recipients have participated in the program. *Learnfare* involves remedial education and work toward an equivalent high school degree (GED) followed by assistance in seeking employment.

Between January and April, 1988 in the St. Louis area approximately 650 individuals entered one of the *Learnfare* components. As of the end of April, 28 had entered employment expected to last 30 days or more. Approximately 122 participants were receiving education or training through JTPA. Most were enrolled by JTPA in Adult Basic Education for remedial education, but approximately 45 were enrolled in OJT or classroom training. In St. Louis the Division of Employment Security had referred 65 individuals to jobs and another 76 were considered job ready and were participating in job search.

Approximately 189 individuals were enrolled directly in Adult Basic Education. Initial testing showed average scores in reading, math, language and spelling at the 5th to 6th grade level. After an average of 53 days in the program (at approximately six hours per day) they had advanced from 1 to 2 grade levels. This is reasonable average progress for individuals working toward their high school equivalence degree. It also shows the time and resources that will be necessary to remove the first obstacle to employment for welfare recipients who have not finished high school or have literacy problems.<sup>42</sup>

*The Effectiveness of Employment and Training Programs in Reducing Poverty Among Children.* All three of these programs, JTPA, METP and JOBS have

potential to reduce poverty. The JTPA program is the most comprehensive in nature involving practically all of the employment and training activities outlined. It has the potential to address all types of poor families with children. METP is also wide ranging in the type of families that become involved, but currently is so under-funded that it can offer little in the way of true employability assistance. We do not yet know what form the JOBS program will take in Missouri. Although it will primarily be targeted at poor mother-only families, it will also address the needs of some two-parent families that are enrolled in the AFDC-UP portion of Missouri's welfare program.

It would be wonderful if we could state some simple formula that shows the relationship between training efforts aimed at poor and near-poor families with children and the proportion of such families that escape or avoid poverty. No such formula exists.

A number of reviews of research into publicly funded E&T programs, however, have reached some conclusions that are relevant in evaluating the types of poor families most likely to be helped.<sup>43</sup> They also offer clues concerning how many people would be affected and how extensive the change we might expect from employment and training aimed at the economically disadvantaged.

First, a fairly consistent finding throughout this research is that post-program employment and earnings gains seem to be greatest for women, regardless of the type of program, e.g. classroom training, on-the-job training, public service employment, etc. This may simply mean that the most disadvantaged with the least previous work experience, whether women or men, are most likely to benefit from employment and training programs.

Secondly, certain studies have indicated what would appear to be common sense--the more comprehensive and intensive the services offered by the program the more effective the results. Employment and training programs that are chronically under-funded and consequently are unable to offer a full range of services may have smaller effects than would be desired. Often participants from impoverished backgrounds need remedial and basic education, counseling and vocational exploration before they begin training. After classroom training they will often need supervised work experience. After they obtain employment they may need counseling and assistance in keeping their jobs.

Grossman and her associates have noted in regard to the earnings of welfare recipients that "job search assistance programs, which tend to be short-term and low cost, can be expected to have small and persistent

impacts on employment and earnings... In contrast, the longer and more costly employment and training services seem to have sizable, lasting impacts on earnings..."<sup>44</sup> The impacts of E&T on welfare dependence are short lived in the case of job search and are ambiguous for studies of longer programs.

We sometimes hear statistics cited for employment and training and welfare reform programs that point to thousands of participants placed in employment and at substantial wages. The problem with program statistics is that we usually have nothing with which to compare them. We know that people find employment on their own; they move from welfare to work under their own initiative. The problem in evaluating the placements of any employment and training program, therefore, is *what proportion of participants would have found work on their own without the program*. The only reliable way to determine this is to compare the participants in E&T programs with other similar individuals who did not attend the programs. The best way to do this is to randomly assign participants to experimental and control groups that can later be compared regarding employment outcome. Few E&T evaluations have done this.

The more carefully controlled studies of employment and training programs that we do have, however, indicate that the earnings and employment gains in public programs as a whole are rather modest.<sup>45</sup> As we have said, evaluations of E&T programs have often shown positive results. This means that a statistical difference was found between the magnitude of the outcomes for the participants in the program and those of a comparison or control group.

It is the *extent* of these difference in dollars earned that we are interested in at this point, and our reading of the literature would indicate that average yearly earnings gains are in the range of \$300 to \$700 for less intensive programs. This includes most of the welfare to work experiments that have been going on around the country. Evaluations of more intensive programs have shown a wider range of results, sometimes as high as \$1,800 per year. Thus, \$1,000 would perhaps be a generous or optimistic estimate of what a poor family with children might gain in subsequent yearly earnings, *on the average*, through participation in employment and training.

This is not to belittle employment and training efforts. These effects more than justify the existence of such programs on a cost-benefit basis. Our focus should be on how to improve the potential of E&T programs to produce real changes in the lives of the participants. We believe that much can be done to enhance their effects. This is considered below as we

look at the removal of barriers to employment and the coordination and increased funding of programs.

Our discussion would indicate, however, that current employment and training efforts might best be targeted at family heads with the least work experience, the lowest current earnings and who are most lacking in work skills. We made this assumption in examining our combined CPS sample of families with children in Missouri. Those poor families who had no one employed at the time of Current Population Survey were grouped together. These constitute about 60 percent of the poor families with children.

This segment of the population is the counterpart of the families with a worker considered earlier when discussing the antipoverty effects of job creation. Note again that this segment of the population underestimates the working poor since some of these families had a worker at some time during the previous year. In fact, these families averaged about \$1,600 in wages and salaries during that year.

The average poverty deficit for this segment of families in poverty was \$5,494 and they received on the average \$1,595 in earnings. Their average total income was \$5,016. The effect of adding \$1,000 to the income of these families would reduce the number of children and families in poverty by 3.1 percent. This would lower the child poverty rate from 18.2 percent in 1986 to 17.7 and from 22.1 in 1995 to 21.4 percent.

### *Barriers to Employment: Medical Insurance and Child Care*

There are many barriers that restrict the potential of parents to find and keep employment. In this section we look at two: medical insurance for those in Missouri's population that are not currently insured and child care for poor working parents.

As we noted in the introduction to this report there are many things about being a child in a poor family that are negative and harmful. That so many poor and near poor families lack the assurance of adequate health care is one of these. But we are not concerned directly with the consequences of poverty but with actions to alleviate its causes. Lack of adequate health care is also a cause of poverty when it impedes finding and keeping a job. More and more Americans and American leaders are coming to see health care as a basic right of citizens. An awareness is growing that some system of extending health care to more poor and near poor families is needed. There continue to be disagreements, however, particularly over the form that health assurance should take and the manner in which it ought to be funded.

Another issue that has come to have wider acceptance is government subsidies, either directly or through tax deductions, of child care for working parents. As more women enter the labor force, finding adequate child care and paying for it has become a problem across the economic spectrum. For poor two-parent families it is a problem. These families feel the pressure for both spouses to work as real family incomes have diminished. Lack of child care presents even greater difficulties for the heads of single-parent families who wish to work.

These two barriers affect the working poor and impede the non- working poor from working. But we cannot easily quantify the effects of either on the number of children who remain in poverty. Consequently we cannot say how many children might be removed from poverty by adopting new policies. Medical insurance and child care assistance nevertheless may have real antipoverty effects.

*Medical Insurance.* The Missouri Indigent Health Care Study in 1986 estimated that approximately 15 percent of the state's households had at least one member who had been uninsured during the previous year. The figure for the poverty (1985) population was substantially higher: 36 percent. For households whose incomes fell between 100 and 150 percent of the poverty line, 23 percent reported an uninsured member. Looking at all households with incomes below 150 percent of the poverty, 29 percent had at least one uninsured member during the past year. Finally, focusing only on the households with children (below 150 percent of the poverty level), 43 percent had one or more uninsured members.<sup>46</sup>

The consequence of lack of health insurance for the poor and near-poor population is high levels of uncompensated care in the state's hospitals. Of Missouri households below 150 percent of the official poverty level, 16 percent reported that they were unable to pay their medical bills and five percent reported receiving some free medical care during the past year. As the problem of uninsured families has grown worse the rates of charity care and bad debts has increased in hospitals around Missouri. From 1980 to 1984 charity care increased from \$50 million to \$114 million and bad debt charges increased from \$87 million to \$135 million. All uncompensated care, which includes contractual allowances increased from \$336 million to \$686 million. These costs are born in large degree by the the not- for-profit and the public hospitals in the state. But, ultimately they are born by all the citizens of the state in increased costs for medical care.

Some poor families do have medical insurance under the Medicaid program. Medicaid in Missouri is available to AFDC families, AFDC-UP families,

pregnant women who have no other children but would financially qualify for AFDC, AFDC-Foster Care, those receiving Aid and Supplemental Aid to the Blind, Supplemental Social Security payments for the aged, blind or disabled, and certain families in Refugee Assistance programs. In addition, Missouri has recently extended Medicaid coverage to all income- eligible children under 21 years of age without regard to whether the family receives AFDC.

Missouri also has extended Medicaid coverage to all pregnant women and children up to the child's second birthday in families with incomes below the federal poverty level. This marks a significant advance for the state in assisting a group in which the lack of medical care is particularly devastating. In an earlier study on prevention of developmental disabilities we analyzed the need for such an amendment and recommended its passage.<sup>47</sup>

Nonetheless, Medicaid in Missouri is tied to AFDC reception for most poor families in the state. As should now be apparent, this covers a minority of poor children in Missouri. Not all poor single parents receive AFDC and only a tiny portion of poor two parent families are receiving welfare. Bartlett and Hoffman present data for FY 1985 showing that 366,912 persons received medicaid services. Of these 37 percent were over 65 years of age and 35 percent were under 21 years old.<sup>48</sup> This count includes many different kinds of families and individuals. It was not indicated the extent to which it was unduplicated. Another estimate is much higher. The Missouri Department of Social Services showed the unduplicated Medicaid population at 445,412 for FY 1986.<sup>49</sup>

For those families that do receive Medicaid its loss is a barrier to seeking employment. Take the example we have used earlier of the poor mother on AFDC. Our sample data would indicate that the average mother-only family receiving some public assistance had a poverty deficit of \$5,382. This average family received \$2,650 in public assistance (mainly AFDC) and had 2.2 children. Assume that this mother takes a minimum wage job. She adds \$6,720 to her income if she is able to work full time for 50 weeks. Assuming she would lose AFDC she would have reduced her poverty deficit to \$1,312. But most minimum wage jobs have no medical benefits. She is still living in poverty but she now must pay medical insurance as well.

This problem will now be addressed for the first time consistently across the nation through provisions of the Family Security Act of 1988. Under this law states will be required to pay medical assistance transition payments for 12 months after a family has left the welfare roles to begin work. This goes into effect

in April, 1990. The state might consider enacting the rule immediately.

Poor families with a working head that do not qualify for medicaid are often unable to afford medical insurance. The incomes of these families are so low that all their resources must be applied to the very basic necessities. Only a small portion of their income is received from public assistance or from government transfers of any kind. David Ellwood notes that these are the poor families who are trying to make it on their own, the ideal. Yet, they are rewarded least for their efforts by the society.<sup>50</sup> The medical assistance system is in this sense upside down.

Another problem of the working poor and near poor is disabilities. Some estimates are that the incidence of disability among the poor may be nearly four times the incidence in the general population. To some extent this results from inadequate diets, more hazardous jobs, and unsafe living environments. It also results from less access to health care and the high cost of medication. The Missouri Indigent Health Care Study found that there were 236,860 households in the state with an adult with a serious medical condition or disability. Of these, 106,587 were below 150% of poverty or 45 percent. Similarly, 30,617 households in the state contained a child with a serious medical condition or disability, and 44 percent of these or 13,471 were from households below 150 percent of the official poverty level. This translates into a rate for adults of 13 percent for all households in the state but of 22.1 percent for households less than 150 percent of poverty. For children the rate statewide is two percent but 15.5 percent of households at the 150 percent poverty level.

The question arises whether these rates would be reduced if ready and adequate health care were available.<sup>51</sup> This question goes to the prevention of illness and disability. The implications for work of such a reduction would be more time that the working poor could spend on the job, less time on sick leave, less job loss through illness, lowered need for public support of the disabled poor, and greater long term health for the adults and the children in poor families.

*Solutions for Missouri.* The first suggestion for Missouri is the extension of Medicaid to a greater proportion of the population. States have the option of instituting a Medically Needy program. This program permits the state to include within its Medicaid population families that would be above the AFDC cutoff according to their income if their *income after deduction of medical expenses* is less than a limit set by the state for the program (no more than 133 percent of the AFDC cutoff). This includes families in the Medicaid population without regard to eligibility

for AFDC but on the basis of medical problems and need. Thirty-seven of the fifty states have adopted such a program. Missouri to date has not, but the legislation described next will accomplish this.

Another possible solution for Missouri is a state initiative on indigent health care. Such an initiative exists and, at this writing, is on the ballot as a proposed amendment to the Missouri Constitution to be considered in the November, 1988 elections. The program has been the subject of hearings and legislative action for over two years and is known as Med-Assist.<sup>52</sup>

The MedAssist proposal would establish a health care trust fund to provide health care coverage to a wide variety of indigent citizens including: unemployed-uninsured persons, uninsured persons whose household incomes are less than 150 percent of the federal poverty level, certain qualified pregnant women and children (not covered by medicaid), qualified disabled children between the ages of 5 and 17, and certain other individuals that the state general assembly might choose to make eligible.

A particular political locality may choose to establish a capitation or a managed care plan to hold down costs. It may also elect to pay any premiums, co-payments or deductible for its residents.

The plan is also scheduled to include a special pool for catastrophic illnesses that a family might experience and a special pool for high risk illness families. The latter is provide insurance to such families that cannot purchase private insurance because of their medical history. The legislation will also establish a medically needy program such as we have described.

It is to be funded through an earnings tax of six-tenths of one percent.

There are several features that recommend this package. It will be financed through an earnings tax rather than a sales tax as has been proposed in an alternative version of the program. This is a positive aspect of the plan from an antipoverty perspective since sales taxes are shared disproportionately by the poor in relation to their income. The plan was developed carefully with citizen participation and has broad support especially from the state hospital association. It establishes several funds to deal with the problems of special target groups (the uninsurable, catastrophic illness, etc.)

On the other hand, a board of governance is established by the law that has no consumer members or consumer advocates. Thus there is potentially no voice in the system for the users of the program. Reim-

burement rates are based on Medicaid rates. We have noted elsewhere that Missouri's Medicaid reimbursements to physicians and hospitals are among the lowest in the nation. In previous surveys we have found this to be a reason voiced by physicians for not participating in the Medicaid program. This might be handled in some areas through a capitation program in which individuals must go for care to a designated facility such as a neighborhood health center or a particular public hospital. In such program costs can generally be held to a lower level.

On balance, the MedAssist program will move Missouri farther toward closing the health insurance gap that exists in the state. It is an antipoverty program to the extent that it removes the fear of loss of medical insurance for working poor families and provides preventive health care to poor families.

(Since this section was written the MedAssist proposal was defeated. Efforts are going on currently to develop another similar proposal using a different funding mechanism.)

*Child Care.* There are over 25 million women in the U.S. with children under 13 years of age. About 15 million (three-fifths) are in the labor force. With the increase in working mothers and wives, child care has become a topic of interest to families of all types and at all income levels. It is not simply a problem for poor families.

Philip Robins notes in a recent article that there are at least 22 separate federal programs currently providing some form of child support services.<sup>53</sup> He argues convincingly that the present system has many overlaps and gaps. A number of bills have recently been introduced into Congress. To date none have been passed, although most observers believe that a comprehensive federal child care initiative is imminent within the next year.

The effects of child care on enhancing work in poor families is difficult to quantify. There are a set of interrelated problems including its availability, cost and quality. Some sense of the magnitude of the problem might be obtained from the responses of women in a survey we recently conducted in Missouri. In a statewide representative sample of working women (or women who had worked) 16 percent reported that problems associated with child care had impeded their ability to find or keep employment. When we focused only on mother-only families with children under 18 years of age, 47 percent reported child care to be a significant problem for them. Similarly, 46 percent of women on welfare reported this as a barrier to employment.<sup>54</sup>

There are at least three programs in which the state can have an impact on child care for children in poor households.

The Family Security Act will provide federal funding to states to provide child care to families participating in the Job Opportunities and Basic Skills Training (JOBS) program. This funding can be extended for participants after they have found employment.

The Hunger Prevention Act of 1988 has made a change in the law governing the Food Stamp Employment and Training Program (METP in Missouri). Formerly work registrants were entitled to a \$25 per month reimbursement for transportation and dependent care costs. Under the new law they will also be eligible for up to a \$160 per month reimbursement for child care costs. Like the transportation costs this will be based on federal/state match.

The Job Training Partnership Act program can provide limited funding for child care to participants. The state might consider supplementing these funds from state general revenues.

If these and other programs are to assist parents of poor children in obtaining training and work child care providers must be available. Furthermore, the child care must be of sufficient quality that parents feel secure in placing their child at the facility. We suggest the state consider an initiative to expand the number and quality of child care facilities in Missouri.

We have already suggested that poor parents and welfare recipients be considered for assistance in setting up child care services. A state funded small grant program to low income individuals to start or upgrade self-employment would be a means of accomplishing this. We have also noted that the state should consider applying for a JOBS demonstration project grant to employ welfare parents as paid child care providers.

The state should also consider an application for a demonstration project grant under the JOBS programs to expand the number of child care facilities, especially in rural areas. This is a special need in some areas of Missouri, as we have discovered in previous work. Parents in rural areas have particular problems finding day care for handicapped children, for very young children, and during times of day other than regular work hours.

Missouri currently has a child care licensing program operated through the Division of Family Services. This program provides for maintenance of basic health standards in non-church affiliated child care facilities. Extension of the law to all child care in the

state including church sponsored locations would help to insure that healthy facilities exist for children.

In addition, the state has sponsored and worked closely with the voluntary accreditation program for early childhood education programs now operated at Steven's College in Columbia Missouri. This program provides accreditation for early education and day care programs in terms of quality of facilities, program and personnel. It might be further assisted by the state and marketed as a means of insuring quality in day care. Parents would have a basis for judgment of the quality of child care and early education programs if accreditation were promoted more broadly and public awareness of its existence were enhanced. (We should note that there are also other evaluative and umbrella organizations in the state that fill this functions, such as the Child Day Care Association in St. Louis.)

### *Reducing Poverty through Improving Education*

Are poorly educated individuals more likely later to head poor families? Do the better educated have a greater chance of being economically successful? Common wisdom would answer yes to both these questions; in this country education is generally viewed as the route to a better life. In this section we examine certain dropout prevention and literacy improvement programs that might enhance the linkage of education and work.

It is very difficult to specify the extent to which improved education will be translated into economic advancement for poor families. Some would say that most of the educational programs aimed at economically disadvantaged students initiated in the 1960's and 1970's had essentially no effect in alleviating poverty.<sup>55</sup> Generally, those writing about education and poverty today would argue that the relationship is not simple and that economic gains from programs targeted at students from poor families are probably modest. We have seen already that the effects on the future earnings of individuals who attend employment and training programs and are trained in a specific skill and assisted in finding employment are real but small. The content of the typical educational program is much more removed from earning a living than skill training. Its impact on economic success may be equally as real but much more difficult to prove or to predict.

There are some issues, however, that involve the *extremes in educational deprivation and neglect*: truncated education (dropping out of school) and illiteracy. We may not be able to predict with great specificity the life consequences of having a B versus a C average in school, but we can say with fair certain-

ty that dropping out of school or not having basic reading and writing skills will have severe consequences for the amount of income an individual is likely to see in his or her life.

There was a time not so long ago in U.S. and Missouri history when completing high school was the exception rather than the rule. High school drop-out rates even as late as the 1940's were high in comparison to those today. But those students left school for a different world of work than exists today. A significant portion of the jobs that were available did not require high school level educational skills or even literacy. Today such low-skill jobs have diminished in numbers. It will become even tougher in the future. We have noted that the average level of education required for jobs in the 1990's will be 13.5 years.

Dropping out of school and illiteracy have another consequence. We have talked about stagnation in incomes and in earnings for families with children. Economists tell us that one of the reasons for this is that the productivity of American industry has declined relative to other advanced industrialized nations. This has happened in part because we have not kept pace with countries like Japan and West Germany in educating and training our workforce. Missouri can be viewed in a similar way. There is a need for the state to keep its productivity in pace with its competitors. One crucial element of the economic development of the state is improving the educational system. The first step would seem to be to deal with the extreme failures of the system- -those who do not complete their education and those who only completed it formally but failed to learn the essentials.

Approximately one-fourth of the students that begin as freshmen in Missouri's high schools drop out before they graduate. In 1980 less than two-thirds (63.5 percent) of the population over 25 years of age had graduated from high school. This meant that slightly more than one million persons in this age range had not finished high school. Of those in the 18 to 24 year age range about three-fourths (75.7 percent) were high school graduates. This left about 150,000 persons who had not completed high school in this group.

A recent study of literacy in Missouri based on 1980 Census data estimated that there were 366,000 functionally illiterate adults in the state.<sup>56</sup> The Missouri Department of Elementary and Secondary Education has targeted between 490,000 and 1.2 million Missouri citizens for its Adult Basic Education program.<sup>57</sup>

Some subset of these groups are adults of working age that head families with children. We cannot

determine the exact size of this subpopulation, but we can infer that it is substantial.

Nationally in 1986 about 25 percent of householders did not have a high school diploma as compared with 50 percent of poor householders. In Missouri in 1979, 63 percent of poor family householders had no high school diploma.

What difference in earnings does a high school diploma make in the income of individuals? As an example we might compare the income of males with one to three years of education with that of males with a high school diploma for differences. In the category of Missouri males who were 18 to 24 years old and had an income in 1979, high school graduates had a median income that was 93 percent higher. Males 25 to 34 years old with a high school diploma had a median income 30 percent higher. In the 35 to 44 year age range, the income differential was 20 percent. In 1979 dollars the differences was roughly in the range of \$3,000 for all three groups.

It is not possible to say that these differences were only due to the educational backgrounds of the individuals. We do not know how many fewer poor we would have if the drop-out rate in the state were lower. Nor is it possible to predict how many fewer poor children there would be if we assisted large numbers of poor parent without high school diplomas to obtain their high school equivalence degrees (GED). We know even less about the consequences of illiteracy for poverty, although common sense tells us that it is large.

We would argue that programs that effectively reduce these populations will have positive effects on the poverty rate. Literacy education, GED programs and dropout prevention, however, all need to be placed in the context of higher education and training. The rising educational and training requirements of the better jobs projected to be available in Missouri imply that we not only need to bring people basic skills and complete high school educations but to lead as many as possible beyond that level. Therefore, the ultimate effectiveness of such programs *in reducing poverty* will lie in their linkage to higher education, adult education and employment and training programs-- their connection to the chief means of increasing family income: work that pays a living wage.

*Enhancing the Linkage of Dropout Prevention and Adult Basic Education to Work in Missouri.* Adult Basic Education (ABE) programs are located in communities throughout the state. They offer adults classes to upgrade their basic skills (math, reading, writing, etc.) and to prepare for taking their high school equivalence examination (GED). Literacy education on an individualized basis is also offered to

individuals needing these services. The ABE program during the 86-87 school year provided services to 29,628 individuals. Of these 4,376 were receiving public assistance and 15,028 were unemployed. The program reported that 1,947 obtained a job, while 792 obtained a better job or a salary increase and 343 were removed from public assistance.

All of the JTPA Service Delivery Areas in Missouri maintain a relationship with local Adult Basic Education programs. Generally this means that the ABE program offers adult basic education and GED classes for JTPA participants who need such help. One of the goals of the Missouri Plan for Literacy Advancement completed last year was that ABE programs also set up a system to refer individuals from their classes to appropriate employment and training services.<sup>58</sup> ABE instructors assist individuals beginning the program to identify and clarify their educational goals. In some cases this involves decisions about employment. They also maintain lists of the locations and telephone number of other service agencies including employment and training. To date, however, this is the extent of their efforts at referral to E&T. As ABE classes are integrated into the JOBS program for welfare recipients there will be an opportunity to give all of ABE an employment and training emphasis.

This does not mean that only those individuals looking for work should be given basic education and literacy training. Many ABE participants have only educational goals. It does mean that a concerted programs should be developed to actively promote further employment oriented activities of ABE programs for those who desire such assistance. This may mean enhancing the relationship with the local JTPA SDA, Employment Security office, Vocational Rehabilitation office, and community based organizations that offer such help. An employment counselor assigned to each ABE area might be of assistance in linking the students to further E&T services.

The Food Stamp Employment and Training program (METP) is establishing during this fiscal year a linkage with ABE programs around the state. The plan at this time is for ABE to offer educational services at no cost to the food stamp recipients. It would be especially helpful if an intensive system of coordination could be established to ensure that the best referrals of food stamp recipients are made to ABE and that they receive the full range of basic education and/or GED training they need. This means the addition of employability assessment of food stamp work registrants--something lacking in METP now. It is first necessary to determine if education and literacy skills are a barrier to employment or further training

before referring to ABE. We would suggest an integration of the METP program and the JOBS program in this effort so that all individuals entering Work programs at Division of Family Services offices are afforded help in assessing their talents, goals and deciding the best course to employment.

At this writing the Governor's Advisory Council on Literacy has just completed a series of statewide meetings to receive testimony from educators, employers, programs operators and concerned citizen's concerning what can be done about illiteracy in Missouri. Although the final report has not been written, one of the findings of the hearings is that businesses around Missouri are offering classes *within their own companies* to upgrade the basic skills of their employees. Private businesses have come to recognize that employees who are deficient in basic reading, writing and math skills reduce the companies productivity. Basic education and literacy classes can be offered more easily by large companies whose employee base is large enough to merit an in-house educational program. Smaller companies may not have the resources for this. In some other states private companies have begun to utilize the resources of school systems and community colleges. We found one example of this in the St. Louis area in which an ABE program offered classes at a local automotive company. The state might consider expanding and marketing such services to smaller businesses by offering to set up classes for groups of employees. The state could assume the cost of the instructor's salary and the cost of educational materials. The company could provide space for classes.

The new Missouri Commissioner of Education is making a concerted attempt to stem the rate of school drop-outs by promoting a set of initiatives in school districts throughout the state. These focus on identifying youth at-risk of dropping out and working with them and their families in a variety of ways to assist them in remaining in school.

One of the initiatives fits closely with the emphasis of this section. An "At-Risk Center" model was developed by the Hannibal Area Vocational School and is now being implemented at 24 sites throughout the state. The program is funded through a combination of vocational education, adult basic education, JTPA youth, and state foundation funds. The model involves special tutoring and remedial education for youths at-risk of dropping out of school, although each school in the system was permitted to develop the system in its own way. The students may take courses at an At-Risk Center in an area vocational school while receiving course credit at their home school. In encouraging youths to remain in school this program may

have antipoverty effects. Young adults who have previously dropped out of school are also referred to the at-risk centers. These individuals may take courses to prepare for their GED exams and receive job training. To the extent that they enable transition to further training and to work for the adult participants served the programs have potential antipoverty consequences.

One of the potential strengths of this program is the utilization of Employment and Training program funds along with educational funds. This type of coordination of funding offers the possibility of more comprehensive approaches to solving the problems of dropouts. Since the programs are being operated in different ways it will be important to evaluate the centers comparatively for their effectiveness and the extent to which they make use of educational and E&T resources.

Another model that has been shown to be particularly effective is the St. Louis Off-Campus Work/Study Program. This program has been operating for 20 years on a small scale (over 3,000 students since 1968) in the St. Louis area. Senior high school students work half-days, in a closely supervised manner, at a local employer, such as Blue Cross, Ralston-Purina, McGraw-Hill, department stores and banks. Coupled with this on-the-job training they receive, during the other half of their day, academic instruction that is linked in its content to their work. The students are evaluated by their classroom teachers and work supervisors. The objective of the program is to enable students to become well-versed in the basic skills needed for employment.

This program is also unique in that the businesses provide classroom space for students. Public school teachers working in pairs offer instruction in business oriented courses such as business English and business practice as well as traditional academic courses. The students complete their senior year in high school while receiving instruction in work skills and experience on a job.

The Off-Campus Work/Study program has placed 75 to 80 percent of its students in employment after school. Its continuing education rate is from 15 to 20 percent. Students have shown improvement in grades and in their attendance. Not all students are candidates for this program, but the state might well examine the possibilities of emulation of this kind of intensive work/study program at businesses elsewhere in the state.

Business and Education partnerships are springing up around the country. This arises from the growing awareness on the part of individuals in the private

sector that too many individuals are leaving school without basic skills.<sup>59</sup> Two examples of many are:

In Atlanta, Georgia the Partnership of Business and Education was established in 1981. One of its programs is "adopt a school" which pairs individual schools and businesses. Another program links up volunteer tutors from religious institutions and businesses with schools.

In Boston a collaborative effort called the Boston Compact was begun in 1982. This involves local schools with leaders from local government, business, labor, higher education and the community. A recent effort to stem the dropout problem involved changes in school organization, alternative programs, and a multi-source funding strategy. The program emphasizes teacher involvement, student support teams, alternative education, and parent outreach. Many of these elements are also part of the Missouri dropout prevention effort. However, in Boston they are obtaining financial support from local business.

In addition, some states are trying experiments in volunteer service. New York City has developed a City Volunteer Corps (CVC) that employs young people 17 to 20 year old on a year round basis in various public projects. Those who have educational deficiencies can take ABE/GED classes as well. California has developed the California Conservation Corps (CCC) which employs youths 18 to 23 years old in public projects. In California as well the participants can take basic education classes. The state of Iowa has also recently passed a law establishing an Iowa Conservation Corps for youths ages 14 to 24. Through these programs young individuals who may lack education and work experience are being given an opportunity. The state should consider such a program for Missouri as well.

### *Need for a Coherent Service System.*

There is an urgent need to develop an integrated, coherent system of services out of a disparate set of existing programs, new initiatives and activities that are soon to be. These include METP, JTPA, Carl Perkins displaced homemaker programs, Learnfare initiatives, workplace literacy efforts and activities that will soon become required as a result of the Family Security Act, and E&T programs for the disabled.

The goals of each of these programs are essentially the same: 1) providing persons in poor families the capacity to help themselves and become more self-reliant and self-sufficient; and 2) reducing whenever possible dependency on the public welfare system. All of these efforts require or will require inter-agency coordination. The programmatic vehicles employed

are very similar, in some cases identical, as are the administrative efforts involved in establishing an effective inter-agency service system. To the extent that they remain disassociated from each other their successes will be dissipated by the sheer magnitude and depth of the problems they confront. In addition, the coordinated efforts of these programs need to be joined to the existing programs of the Department of Elementary and Secondary Education, the Division of Employment Security and the Department of Social Services. Funds available through the METP and funds used for the welfare reform program may be the catalyst needed to begin this process.

One solution that is being tried in some states is the development of centralized facilities for the fragmented programs related to employment and training: *one-stop shops*. We have found advocates of this approach in previous studies in a number of locations around Missouri and in state agencies. In fact, under the CETA program (JTPA's predecessor) centralized training facilities were established in St. Louis and Kansas City that involved a range of services linking vocational education and CETA and other services.

A center might have the following services: 1) Application for Welfare, Food Stamps and other programs (medical, emergency assistance, etc.) for eligible individuals who apply at this location. 2) Assignment of a case manager to individuals enrolled in programs. 3) Employability assessment for welfare and food stamp clients, JTPA applicants, and handicapped clients applying for Vocational Rehabilitation. 4) Adult Basic Education services or enrollment in such services offered near the participant's home. 5) Job Search Assistance and Job Clubs for individuals who are job ready or who have completed training. 6) The standard services of the Missouri Employment Service, including testing and job matching. 7) JTPA/Vocational Education skill-training and on-the-job training. 8) Pre-employment training. 9) Individualized Counseling and referral to health services. 10) Child care or referral to child care. 11) Follow-up assistance for those who find employment.

For this system to operate effectively Missouri should develop a *common identification* system for clients across various programs and a *common application* process. This assumes a centralized statewide data processing system. Few realize that, compared to many other states, Missouri has advanced management information systems for employment and training programs. These could serve as a basis for a fully integrated system. The Missouri Division of Employment Security maintains a statewide management information system for JTPA, the current system for the METP program, and its own

data system for individuals applying for employment services. They regularly interface their system with those in the Department of Social Services. The personnel that operate the system are skilled and effective. Employment Security is therefore a prime candidate to develop a statewide system that permits common identification of participants and common application of programs.

Such a system would reduce duplication of effort. It would also permit a case manager to insure that participants receive the full range of E&T and support services for which they are eligible.

An integrated system at one location would permit *sharing of resources*. For example, all vocational education and employment and training agencies maintain their own lists of employer contacts for job placement and on-the-job training (Employment Service, JTPA, Vocational Rehabilitation, Vocational Education agencies and many community based organizations). Employer contacts have usually been jealously guarded from other agencies. This is just one of many instances of practices arising from program fragmentation that are counterproductive for Education and E&T participants.

There are other examples. A particular client may be eligible for services from one program (e.g. transportation expenses) while receiving training or employment services from another. Over the years, as we have studied employment and training in Missouri, we have found many examples of sharing of E&T and support resources, but unfortunately these practices have been limited to particular local programs and seem to depend more on the personalities of program administrators and staff than on formalized agency relationships. A third example can be found in expending programs funds for duplicate E&T activities and facilities when funds might be combined for common clients. We have pointed to At-Risk Centers at Area Vo-Tech schools as examples of what can be accomplished through combined funding.

There may be many ways to integrate these programs. Experiments are being tried in other states. Michigan, for example, is funding pilot projects to test different approaches in local areas. We suggest beginning a *series of pilot projects* in various parts of the state funded through a combination of state and program revenues (including JTPA, METP, ABE and JOBS). JTPA Service Delivery Areas in conjunction with community colleges, school districts, Employment Service offices, human service agencies and community based organizations could develop local coordination models. The state would develop guidelines that could include: common assessment of eligibility, common determination of employability and service

needs, co-location of services in shared facilities, sharing of personnel, sharing of common resources between agencies, joint funding of programs and other similar goals. Each project would be evaluated for its effectiveness in comparison to other projects.

A final method of coordination involves the *full utilization of federal funds*. Missouri should seek to utilize all federal matching funds. For example state general revenue expenditures on participants in food stamp employment and training (METP) are eligible for a federal dollar-for-dollar match. A portion of ABE funds are from state general revenues and, as far as we know, are unmatched with federal funds. The state may obtain a equal match for the part of these funds that are to be spent on participants in food stamp employment and training who enroll in ABE. This is being done in some other states to draw down significant extra dollars for welfare reform efforts.

*Appropriating State General Revenue Funds to Supplement Employment and Training.* We have seen that JTPA funds have been reduced. The METP program is seriously underfunded. Generally education and E&T programs are unable to serve all their applicants. The state should consider targeting additional funds to these largely federally funded programs. We would suggest at a minimum additional monies for *basic education and GED preparation*. ABE currently serves about 30,000 individuals. This is a tiny fraction of the state's illiterate and drop-out population. Such funds could be used for program expansion, for outreach, for transportation and child care for participants not able to receive them through other programs, and for employment-related counseling and referral (and could be used to leverage additional federal funds).

The State of Iowa has a program for welfare recipients operated in conjunction with their WIN demo program that provides tuition and support money for individuals who want to pursue training and/or higher education. They are free to use this like a scholarship at essentially any institution of training or higher education in the state. We suggest that the state consider establishing a *system of education/training grants* for low-income individuals that would be available after other sources of funds have been exhausted. These could be used when JTPA funds have been exhausted for particular individuals, when JTPA funding has run out in a particular locale before the end of the program year, for individuals who cannot qualify for other grants (e.g. PELL) or scholarships, and to provide an avenue for intensive training for individuals who need and desire more.

### C. Children Born to Teen-age Women

*In this short section we call attention to the high incidence of poverty among children of adolescent mothers, particularly unmarried mothers. Some existing programs in Missouri are described and suggestions are presented for addressing the problem.*

The health and general well-being of children born to teen-age women is worse than children of older mothers. The catalog of problems is very long. Adolescents seek prenatal care later and participate less in such care. The nutritional status of teens who give birth is poorer. This is reflected by poorer weight gain during pregnancy, interuterine weight retardation, and lower birthweight of children born of adolescent women. Children that are born prematurely or with lower birthweight are more subject to health problems and cognitive retardation in later childhood.<sup>60</sup> Children of teen mothers, particularly those in mother-only families, are in generally poorer health and are more likely to suffer cognitive deficits.<sup>61</sup> There is a greater likelihood that they will be abused or neglected.<sup>62</sup> Children of teen mothers are more likely to be injured or hospitalized by age five.<sup>63</sup>

Why are children in such families in greater danger of damage? One part of the answer is the poor economic situation of their mothers. Teen mothers finish high school less often. They tend to have higher rates of joblessness. A significant percentage of teen mothers are unmarried. Those that are married have higher rates of divorce.<sup>64</sup> These factors act together to produce a high incidence of poverty among children in such families. We saw in Part One that young families have higher poverty rates. We also saw that mother-only families are poorer. Child poverty rates are higher in each of these types of family. But the poverty rate among *teen mother-only families* is horrendous. The child poverty rate in these families was over 80 percent in 1986.

We do not know exactly what proportion of poor children in Missouri live in such families in any one year. We can be sure, however, that these children are among the most *persistently poor*. At least one study has estimated that children in such families spend an average of over six years in poverty. They are the children that are counted among the poor year after year.

Teen birthrates overall are down. But birthrates of unmarried teens are up just as the birthrates to all unmarried women have been increasing. Births to unmarried teens as a percentage of all births to teens have increased as well. We saw analogous statistics for children in mother-only families in Part One.

The vast majority all births to adolescent mothers who are unmarried at the time of their first birth are unintended. One study found that 84 percent of these mothers indicated this to be true.<sup>65</sup>

*Addressing the Problem of Adolescent Pregnancy in Missouri.* In 1986 the Institute of Applied Research examined programs designed to address teen pregnancy in Missouri.<sup>66</sup> As a part of the present study we followed up on the existing status of several of these programs. Many of these are excellent but they tend to be sporadic, uncoordinated and under-funded. Even the successful programs have tended to remain isolated in particular geographic areas rather than being expanded and emulated throughout the state.

Reducing the incidence of adolescent pregnancies requires two kinds of actions: convincing those who are not sexually active to abstain from sexual relations and providing birth control for those who are sexually active.

Preventive school programs exist in various forms in the state. There is no statewide educational program such as Family Life Education which includes sexuality education. We found in previous surveys that some school districts have such programs but many school districts in Missouri permit no education regarding sexual matters. Four educational programs we found deserve mention here although we cannot discuss them in great detail.

In Kansas City the Adolescent Resource Corporation (ARC) funds a variety of programs centering around adolescent health and well-being. They have recently begun a health education program that reportedly is finding acceptance in Kansas City schools. In this program they work with the school district to establish a track of comprehensive K-12 health education program that includes sexuality education. In addition, the program includes health screenings, special case-management programs for students at-risk of serious health problems, and school staff and community health promotion.

In St. Louis the Teen Age Health Consultant program is being operated by the St. Louis Family Planning Council. This program uses teens, usually 16 to 17 years old, who are trained as health educators. Through the medium of small group discussions high school students learn about a broad set of health-related issues including human sexuality.

Another program in the St. Louis area is Postponing Sexual Involvement. This program offers reinforcement and support to teen-agers in resisting social pressures and peer pressure to engage in sexual activity. A major objective of the program is teaching 13

to 15 year old youths to say no to sex. The program also has a parent component.

In the Missouri botheel the Southeast Missouri Association of Public Health has developed the Community Family Life Program. One phase of the program is oriented toward educating parents in how to talk to their children about sex. A 14-module curriculum was developed concerning all aspects of sexuality. It has been offered in PTO groups, to parents of Head Start children, in churches and to DFS staff and client groups. The curriculum and a video module to train trainers is currently being disseminated very widely.

A common objection to this type of education is that it leads to increased sexual activity and higher rates of pregnancy. Research on this issue has shown the opposite. Children who receive such information are less likely to become sexually involved, and parental roles tend to be assisted rather than undermined by sex education programs.<sup>67</sup>

These four programs take different approaches to education in sexuality and have some connection to schools. They are likely to have different effects from a motivational and an educational standpoint, since some involve peers and parents while others involve teachers but are of longer duration. Except for tracks in the state's home economics curriculum, we know of no effort at the state level to promote education concerning sexual matters in the Missouri schools. Integrating education on these topics would appear to be a first sensible step in removing the ignorance that sometimes leads to adolescent pregnancy and providing children and teens with the resources to make their own decisions about sexual activity.

A fifth approach can be found in the three school-based clinics in the Kansas City schools (high school level). Such clinics have been the subject of a great deal of controversy in some other parts of the country. These clinics have not been particularly controversial in Kansas City, apparently because they were established by the ARC with a great deal of parental involvement. The clinics provide a full range of health services for students who participate (with parental permission). They also offer health education on an individual and a group basis. This includes education in matters related to adolescent sexuality for both male and female students. In addition, for those students who are sexually active information is made available on contraception.

The benefits of school-based clinics could be spread to other school districts in Missouri if start-up grants were made available by the state along with

funding of technical assistance from the Kansas City Adolescent Resources Corporation.

Programs also exist to work with single-parent teens. These involve assisting the parents in finishing school and in obtaining training and employment. Special programs and schools exist in both St. Louis and Kansas City. The state will have an opportunity to focus on thousands of such single teen mothers and those who are just beyond adolescence--in their early twenties in the JOBS (welfare employment and training) program. Nationally, women who become pregnant as adolescents and have their children outside marriage are most likely to receive welfare on long-term basis. As we have noted, the children of these mothers are among the most poor; they remain in the poverty population for long periods. It is likely that small successes in removing these families from poverty will have long term consequences in reducing poverty.

We recommend that a higher priority be given to this group of welfare recipients in the employment and training program that Missouri develops for welfare recipients. Young recipients who have not finished high school, who have little or no work skills, with very young children should be targeted first. We have noted that research indicates that this type of individual is most likely to experience wage and work improvement from E&T efforts.

## PART FOUR

### Summary of Policy Options

*In this part of the report we summarize the approaches to reducing child poverty that have been presented so far. This is preceded by a discussion of policy characteristics that make for acceptable and feasible antipoverty policies.*

#### A. Characteristics of Policies Likely to Work

Policies that are acceptable and politically feasible must have certain characteristics.

Americans do not object to federal actions on behalf of the poor as a matter of principle<sup>1</sup>. In fact, while federal spending in constant dollars on poverty has declined during the 1980's, the federal government's responsibility to provide a "safety net" has been legitimized. Moreover, public opinion polls going back at least to 1948 have found continued and substantial public support for maintaining or increasing government spending to help the poor.

However, support for programs is not indiscriminate. Certain aspects of policies find general support among the American public while others are rejected. Policies tend to be favored that are seen to enhance personal independence and require good faith efforts of people to help themselves, especially through work. There has been continual public support, for example, for government guarantees of a job for all who want to work. There is little support for programs that guarantee an income to those who do not work--unless they cannot work. Americans will favor programs for those who are unable to care for themselves but reject anything that looks like a giveaway to the able-bodied.

Americans still value the importance of work, as a virtue in and of itself. It is important, therefore, that programs that address poverty offer, and have the appearance of offering, incentives to work. In addition, public education is necessary to inform middle Americans that most poor people work. We have tried to do this in this paper.

Americans continue to place importance on their own and other's independence. They value, to a degree, individual autonomy and feel that it is possible for people to make their way through their own in-

dividual effort.<sup>2</sup> We think these beliefs make public support more likely for programs that assist the self-employed or that assist individuals in bettering their own circumstances, such as certain education and training programs.

Programs and policies are likely to be more acceptable that present public assistance as a transition process necessary only as a temporary intervention until the person helped can take back control of his or her own life. Programs intended to provide indefinite maintenance are likely to engender resentment on the part of those working for a living. It was this sense of transition which helped the Family Security Act to obtain the large bi-partisan support it enjoyed.

Policies that support the rights of people to make independent choices without abdicating responsibilities are more likely to be accepted.

Although the family has undergone transformation in this country, Americans still support the family as the basic means of rearing children and view the care of children as the responsibility of the family.

Therefore, approaches that reinforce the family and the responsibility of parents to sustain and rear their children will be more acceptable.

Targeted programs continue to be necessary to provide assistance to those who cannot be served otherwise. In general, however, the public assistance programs that have been successful are those that are more broadly based. Social security, for example, has been an effective antipoverty program among the elderly. It continues to enjoy general acceptance because it is open to all and is perceived as a generally equitable system.

Successful policies are likely to be those that are anchored in a sense of shared needs and mutual self-interest. Policies grounded in the politics of mere generosity are unlikely to gain and/or sustain wide support, except for assistance offered to individuals so disabled or constrained that they simply cannot help themselves. Policies that are broadly based and benefit large segments of the population will be more successful than targeted programs.

It is not always clear what form of policies and programs will be the most effective. What works in another state may not work in Missouri. Approaches may appear logical and practical but still may need to be tested in each state and in substate areas.

Different approaches are necessary in rural areas and in small towns than in large cities. This is especially true of policies that require complete service infrastructures. We have consistently found in previous work that resources for employment and training and for support services are spotty at best in rural parts of the state.

For these reasons, the success of programs will be enhanced if they are based on experimentation. This implies that successful local programs be examined for expansion and/or emulation elsewhere in the state. It also means that when completely new approaches are being taken local demonstration projects be funded and evaluated.

Programs that have been proven at the local level through locally supported or demonstration projects have greater chances of success.

These emphases have guided our analysis of antipoverty policies that might be pursued in Missouri in the coming years.

## **B. Policies and Activities to Reduce the Rate of Poverty Among Children**

*In the following sections we recap and summarize the suggested actions proposed in Part Three to reduce poverty among children in the state.*

In some cases we were able to make predictions concerning the extent of the effects on the rate and numbers of children in poverty. In others we can only predict that the effect will be positive but cannot say how many children will be raised above the poverty level or prevented from experiencing poverty.

It is important to remember that the actions described here are not independent of one another. It is not possible simply to add the effects of alternatives actions. If we were able to enact all the suggestions here it is possible that the effects of all would be greater than their sum. The opposite could also occur. Moreover, policies like these have unforeseen consequences that may make them more or less desirable and may impede or enhance their effectiveness as antipoverty tools. Finally, the symbolic and semantic presentation of the policies will have consequences that cannot easily be predicted.

### ***Option 1: Child Support Assurance***

Establish a system that provides for universal collection and payment of child support through employer withholding from the earnings of non-custodial parents.

This system requires 1) establishment of paternity for all children at birth, 2) adoption of a percentage of income standard for withholding from the income of the noncustodial parent, 3) immediate withholding rather than court ordered withholding of child support, 4) payment of an assured child support check to all single-parent families.

*Effects on the 1995 Poverty Rate of Children.* If the level of payment were equivalent in 1995 dollars to the levels set in the Wisconsin system (\$2500, \$1000, \$1000, \$500, \$500 respectively for the first, second, third, fourth and fifth children) the 1995 child poverty rate would drop by roughly 2.3 points (from 22.1 to 19.8 in our steady state projection).

*Effects on Child Poverty.* The effects on child poverty of such a system would be massive. Our calculations indicate roughly a 72 percent increase in income for mother-only families. (This is an overestimate in that some welfare benefits would also be lost.)

The effects of the system for children extend well beyond the poverty population. It would also redistribute income from absent parents to children in near-poor and middle income families as well. The general effect would be a shift of income to the families in which children actually reside.

*Other Consequences.* This is also a welfare reform policy. Such a system would inevitably lead to substantial reductions in welfare benefits paid, as absent parents assumed more of the share of support of their children. We have not estimated the extent of this for Missouri, but this would be an obvious consideration in a complete evaluation of a system for the state.

A possible consequence would be a decrease in mother-only families. This system would make it virtually certain that men who fathered a child would spend 18 years supporting that child. It is possible that the behavior of men would be altered as they were made to share in the responsibility for the child.

The legal bureaucracy and business surrounding the current child support system and the growing government bureaucracy surrounding child support enforcement would be reduced.

### ***Option 2: Increasing AFDC Benefits***

Increase AFDC benefits by an average of \$100 per month per family (i.e. to approximately the national average among states).

***Effects on the 1995 Poverty Rate of Children.*** If the level of benefit were maintained in real terms to 1995 the effects would be very small: on the order of a 0.1 percent reduction.

***Effects on Child Poverty.*** The small effect on the rate occurs because these are the poorest of the AFDC children. For all families the infusion of cash would be substantial as a proportion of their income but not enough to lift them above the poverty level.

The infusion of cash for Missouri children on AFDC would be substantial. We estimate in 1986 dollars, looking at children in officially (year-long) poor mother-only families, about 33 million dollars would be received. Therefore, the economic consequences would be substantial in terms of increasing the availability of cash for necessities for poor children.

***Other Consequences.*** The effects of such an increase on the formation of mother-only families would be minor, that is, it would have minor consequences, if any, on the divorce rate and the out-of-wedlock birth rate. There might be an increase in the independent living arrangements of such families, although the extent is not predictable.

Such an increase in benefits would be spread over many other children than just those who were officially poor during a given year. AFDC is paid to a variety of families, many of which receive benefits for only a part of the year and have yearly incomes slightly above the poverty level. The effects would be felt by both poor and near-poor children.

The consequence of not increasing benefits, that is of continuing the decline of AFDC benefits in real dollars, will be increased stress on this group of poor children.

### ***Option 3: Improve Economic Development Generally along with Efforts Targeted to Poor Families***

Several policy alternatives have been proposed.

#### ***Specific Actions:***

***Continue and Expand General Economic Development Policies and Policies Targeted to Depressed Sections of the State.*** The Enterprise Zone Program was cited as a means of retaining businesses in depressed areas and as one tool to attract jobs to parts of the state in which incomes are low. In addition, direct loan

programs to assist small businesses in start-up should be continued.

***Coordinate Economic Development Policies.*** The Missouri Opportunity 2000 Commission has suggested the establishment of a state Office of Productivity Improvement and a Missouri State Council for Full Employment. The emphasis of both the proposals is positive because they would aid creating measurable objectives for the state, timetables for implementation and specific courses of action under the direction of the Governor.

***Leveraging Job Creation for Low-Income Families with Children through Assistance to Small Business.*** Establish a program of loans for initiation or upgrade of small businesses with the stipulation that a percentage of the new jobs are filled by heads of families in poverty or near the poverty level. The loans would be used primarily to leverage other funds for the business ventures. The program would presumably be operated by the Department of Economic Development and would involve coordination between employment developers and local employment and training programs (JTPA, METP, JOBS, etc.). It would involve continued assistance to both the business and the workers hired.

***Assistance of Low-Income Families through Self-Employment of the Family Head.*** This program would involve a fund from which small loans could be made to poor parents who are currently self-employed or have capabilities for self-employment. This would include loans to start businesses and assistance in operating them. It would also include loans to upgrade existing businesses. Another phase of this program might include assistance to self-employed poor to begin joint businesses or cooperatives to provide services that are or will be in high demand, such as child care.

***Effects on the 1995 Poverty Rate of Children.*** Predictions concerning the effects of job creation and enhancement are difficult because many of the working poor are officially poor for shorter periods than the non-working poor. In any year certain poor parents find work, or better work, that increases their income above the poverty threshold. For jobs to reduce poverty they must constitute a real addition to the total pool of full-time, full-year jobs available. In general, it would require approximately 6,200 jobs at \$5.00 per hour or greater, filled by presently working poor parents or working parents who are on the verge of poverty, to reduce the child poverty rate by one percentage point.

***Effects on Child Poverty.*** The effect of work that pays a living wage would mean, according to our cal-

culations, an approximate doubling of income in the average poor family with children in Missouri, in which the head is working. While this would not solve all the problems associated with low income that children experience, it would mean in each instance a significant infusion of money into the poor family.

**Other Consequences.** There are many positive consequences of enabling poor families to support themselves. Children are provided with role-models of success in supporting a family. The parents self-esteem is enhanced. A series of problems that we know are associated with unemployment and underemployment (child abuse and neglect, suicide, emotional disorders, etc.) would be reduced--thus enhancing the well-being of children. A reduction in welfare payments and government transfers generally would result. The base of taxable income would be increased in Missouri.

#### *Option 4: Increase Medical Coverage for Poor and Near-Poor Families*

This is seen as an antipoverty measure to the extent that it removes the fear of loss of medical insurance for working poor families and provides preventive health care to poor families and their children.

##### *Specific Actions:*

*Institute a Medicaid Medically Needy Program in Missouri.* This program is permitted under the current Medicaid legislation and allows inclusion of families under the programs without regard to eligibility for AFDC.

*Approve An Indigent Health Care Plan.* A plan to provide medical care for the poor or near-poor is needed.

**Consequences.** The effects of approval of these programs on child poverty cannot be exactly calculated. It will be positive insofar as it assists poor parents to seek and keep employment.

#### *Option 5: Increase the Availability and Quality of Child Care in Missouri.*

The primary antipoverty effect of child care availability is in assisting parents of poor children to hold jobs. This is particularly critical for mother-only families, but also important for two parent families as both spouses increasingly need to work to stay above the poverty line.

##### *Specific Actions:*

*Assist Low-Income Parents and Welfare Recipients in Establishing Child Care Services or Finding Employment at Child Care Agencies.* This may be one goal of a loan program for self-employed individuals. Missouri should also apply for a demonstration project grant under the Family Security Act of 1988 to employ welfare parents as paid child care providers.

**Expand Child Care in Rural Areas.** The Family Security Act also provides for demonstration grants for this purpose. In addition, the state should consider establishing a fund to assist start-up of child care programs generally in the state.

**Expand Child Care Licensing to All Facilities in the State.** Currently religiously affiliated programs are exempt from such inspection. Missouri should expand its program to cover all child care programs in the state to assure minimum levels of health.

**Further Support and Market the Voluntary Accreditation Program for Early Childhood Education.** This program is currently operated at Steven's College, Columbia, Missouri.

**Consequences.** Our data indicates that the lack of quality child care is a significant problem for working women in the state. Around one in six working women report it to be a significant problem. Nearly half of mother-only families and women on welfare report it to be a problem. The consequence of improved child care in the state will be an improvement of the ability of heads of poor families with children to hold jobs.

#### *Option 6: Enhancing the Linkage of Dropout Prevention and Adult Basic Education to Work*

There are several ways in which efforts currently going on in the state to prevent youths from dropping out of school and improving the literacy and basic educational skills of adults could be enhanced.

##### *Specific Actions:*

*Improving the Capabilities of Local Adult Basic Education Programs to Refer to Employment and Training Agencies.* This will include full information on available services beyond ABE, including skill training, higher education, and employment assistance. It may also include specific individuals within the ABE program who provide information and referral.

*Improving the Assessment of Food Stamp Work Registrants for ABE.* As a linkage is established between METP and ABE it becomes critical that a system of determining who needs and desires ABE be established prior to referral to that program. (See suggestions below on coordination of education and E&T services)

*Expand and Market On-Site ABE Services to Small Businesses in the State.* These services would be offered at the site of the business.

*Promote the Further Development of At-Risk Centers at Area Vocational-Technical Schools.* These programs utilize multiple funding sources. Variations on the model are being developed at 24 sites. Evaluation of the consequences of various approaches is critical.

*Promote the Expansion of Work/Study Programs like the Off- Campus Program offered in St. Louis Schools.* This is a particular example of a joint program between businesses and the local school district.

*Consider Developing a Missouri Conservation Corps similar to Those Being Developed in Other States.* Such a corps would offer further opportunities to youth who have dropped out of school or are in danger of dropping out to gain education, training and work experience. They would also be engaging in useful public work programs.

*Consequences.* It is not possible to assess precisely the consequences of such policies on the child poverty rate. We have noted that the yearly income of individuals with no high school diploma is significantly lower. Similarly, illiteracy and deficiencies in basic skills act as barriers to employment and advancement in employment. As future parents these individuals will have a much better opportunity to escape the problems of poverty and low income.

#### *Option 7: Enhance Programs to Reduce Adolescent Pregnancy*

Children of adolescent mothers are the poorest of the poor. They remain in poverty for excessively long periods of time. The families are very likely to receive welfare payments for extended periods. Programs to reduce the number children born to teens through reducing adolescent pregnancy will have long term antipoverty effects.

##### *Specific Actions:*

*Integrate Education on Sexual Topics into K through 12 School Curricula throughout the state.* There are a number of experiments being conducted in the state. These need to be examined for promotion on a statewide basis. Sex education should be a part of general education on health and family life. Where there is community opposition, parent education might be pursued similar to the successful Community Family Life Program in southeast Missouri.

*Consider a Program to Promote School-Based Health Clinics in School Systems in which Parental Support is Found.* School based clinics can have a significant impact on the knowledge and behavior of adolescents regarding health practices generally, including sexual behavior. It is important that parental approval for the clinics be obtained before they are established, and, once established, they should be promoted as voluntary clinics which require parental permission before a student can participate.

*Give the Highest Priority to the Youngest Welfare Recipients in the JOBS (welfare to work) Program.* Single adolescent mothers are most in need of the full range of intensive educational, counseling and E&T services.

*Consequences.* If it has not been apparent we should reiterate that the children in these families are those that appear in the poverty population year after year. Lifting these families above the poverty line is most difficult, but it is likely to have the greatest effects on lowering the child poverty rates.

#### *Option 8: Enhancement of Education, Training and Employment Programs through Coordination*

The following actions are interrelated. They each deal with enhancing the effectiveness of education and employment and training. We have noted that states are constrained to some extent by federal education and E&T laws. Short of increasing state funding for such programs a state can increase the impact of the individual programs by integrating them into a coherent service system. The precise effects of these efforts on reducing child poverty are not predictable.

These are primarily administrative issues. Most of the elements of the education and employment and training system for low-income individuals in Missouri are under the control or strong influence of the governor. Although JTPA SDA's and local school districts and community colleges are primarily locally administered, the state exercises influence and control through its administrative oversight responsibilities. In any event, such coordination would require a cooperative effort from all employment-related agencies and organizations in the state and from all levels of government.

##### *Specific Actions:*

*Developing One-Stop Shops.* Bring together at one center the services of all agencies that are related to developing independence and enhancing the employment opportunities of low-income individuals.

There are many ways in which this can be done. A center should at least involve the personnel and the resources of JTPA, the Employment Service, Adult Basic Education, Division of Family Services (food stamp, AFDC, child support enforcement), Vocational Education and child care options. It may also involve assistance regarding housing, medical insurance, emergency food, and other services.

*Common Identification of Clients in the Service System.* Adoption of a common identification number of clients of various state agencies and the JTPA program would facilitate the determination of eligibility for services. The same person may be eligible for various programs for low-income individuals--for example: JTPA, Vocational Rehabilitation, other specialized programs for employment of the handicapped, various educational grants and subsidies, food stamp E&T and welfare E&T (including transportation and child care assistance in each program), and social services. This would also facilitate the process of joint servicing of clients and coordination and management of efforts.

*Common Application for Programs.* Use of a common application process for various education and E&T programs would simplify the process from the participant's standpoint and would reduce duplicate efforts in different agencies. At a minimum this would include JTPA, Employment Security and Family Services (METP and JOBS). It might also include as future additions ABE, educational grants and loans (e.g., PELL grants, student loans). This would involve coordinating such a system through centralized data processing. We have noted that Missouri already has such capabilities.

*Sharing of Resources.* Methods should be found to share resources among education and E&T agencies. If agencies are co-located or share personnel then resources can be made available. Short of this a concerted effort by state level administrators is needed to form cooperative arrangements that ensure that personnel of one agency have access to services at another agency. Examples are employer contacts, support services of one agency for a client in another agency, joint funding of education and training.

*Pilot projects in Local Areas* The best methods of enhancing coordination are not known, although many experiments are being tried in other states. We suggest a series of pilot projects in various parts of the state funded through state revenues, JTPA funds (e.g., JTPA eight percent education coordination funds, JTPA six percent incentive grants), METP funds or some combination of the two. JTPA Service Delivery Areas in conjunction with community colleges, school districts, Employment Service offices, human service

agencies and community based organizations could develop local coordination models. The state would develop guidelines that would include: common assessment of eligibility, common determination of employability and service needs, co-location of services in shared facilities, sharing of personnel, sharing of common resources between agencies, joint funding of programs and other similar goals.

Each project would be *evaluated* for its effectiveness in comparison to other projects.

*Utilizing Federal Matching Funds* Missouri should seek to utilize all federal matching funds. An example is state expenditures for participants in food stamp employment and training are eligible for matching funds in that program. A portion of ABE funds are from state general revenues. The state may obtain an equal match for the part of these funds that are to be spent on participants in food stamp employment and training. These funds might be spent in establishing a link between METP and the LearnFare program for AFDC recipients.

*Consequences.* The consequence of such integration would be a general improvement in the quality of education and training that poor parents receive. It would reduce the number of instances in which an essential element in the training of the individual is missing. It would improve the chances of poor parents to improve their income and achieve financial independence.

#### *Option 9: Supplement Employment and Training Funds with State General Revenue Funds*

The Missouri General Assembly could appropriate additional state funds to supplement the largely federally supported efforts of JTPA, METP and JOBS. These programs are currently underfunded, given the magnitude of education and training problem. The more intensive and complete the program, research has shown, the more long lasting the results, particularly for those who are most in need. Supplemental funds should be directed to education, classroom skill training and on-the-job training.

##### *Specific Actions:*

*Additional Funds for Basic Education and GED training of Poor Heads of Families with Children.* Any effort to increase the basic skills of participants in these programs particularly the thousands of families receiving food stamps and welfare will require a significant expansion of ABE which currently serves about 30,000 individuals annually.

*Additional Funds for Training or Higher Education of Poor Heads of Families with Children.* Educational grants could be made available after all other sources of funding have been exhausted. As a rule this program would be limited to Missouri private and public schools.

*Consequences.* This would increase the number of individuals receiving more intense and complete employment and training services. The long-term employability of individuals leaving the program would be improved. The return of such individuals to public assistance roles and to unemployment and poverty status would be reduced. The productivity of Missouri's workforce would be enhanced. In this way children in poverty would be benefited.

#### *Option 10: Increase the Base of Knowledge about Missouri's Families with Children*

One of the striking findings of this study is how little we know about children around the state and the needs of their families. There are a number of areas in which further research is needed. This list is by no means exhaustive but represents several areas in which we believe further research is most needed.

##### *Specific Actions*

*Conduct a Feasibility Study and Develop an Implementation Plan for the Integration of Education and Employment and Training Agencies throughout the state.*

*Conduct a Feasibility Study in Missouri of a Child Support System similar to the Wisconsin Child Support Assurance program.*

*Conduct a Statewide Feasibility Study of Public Sector/Private Sector Partnerships to Improve the Workplace Literacy of Missouri's Population.*

*Conduct a Study of the Child Care Needs of Missouri Families.*

**The Need for a Comprehensive Approach and a State Plan.** One of the goals of this study was to examine options which, if pursued, could significantly reduce poverty among Missouri children by 1995. No one of the policy options presented here is, by itself, likely to do that. Each has the potential to improve the financial status of some poor families with children. A concerted effort in several areas can produce improvements in many families. Similarly, a single approach may produce only a slight increase in the incomes of the families affected. A concerted effort in several areas may have a cumulative effect on family incomes.

Furthermore, the alternatives presented are not unconnected. Assisting families with child care or medical insurance may make training, work experience or employment more feasible. Helping a teenage girl to delay parenthood may make it easier for her to finish school and become self-supporting. Improving child support payments may ease the strain of childrearing enough for a mother to hold a job. Developing jobs for low-income parents may slow the descent of some below the poverty line. Anti-poverty efforts can interact.

Substantial reduction in child poverty in the near term, therefore, is not likely without action on a broad set of fronts. However, if public and legislative opinion can be galvanized around a coherent and comprehensive plan of action, it is possible for the state to begin to reduce poverty among its children.

# Notes

## Part One

1. The method of setting thresholds was developed by Molly Orshansky of the Social Security Administration; See Molly Orshansky, "Counting the Poor: Another Look at the Poverty Profile," *Social Security Bulletin* (January, 1965):3-13. The logic was based on consumption surveys of the late 1950's which showed that food costs represent about one-third of an average family's after-tax income.

2. The thresholds have been criticized for both underestimating and overestimating the number of poor in the United States. The arguments on the side of underestimates point out many deficiencies. For example, the average family may spend one-third of its income on food, but poor families tend to spend a much larger share of their income for this purpose. Or, the USDA's thrifty food plan upon which the thresholds are based was never meant to represent an adequate diet for a family for a whole year. On this basis the thresholds should actually be set higher. Those arguing for overestimates point out that since the poverty thresholds were originally established a whole system of non-cash supports have been created to help the poor. These include food stamps, housing assistance and medical insurance for the poor. Since official poverty statistics are based on cash income they do not count such benefits. From this standpoint the thresholds should be lowered.

The argument will not be settled here. We have continued to use the official levels of the Census Bureau in this analysis. For comparative purposes over the years and across geographic regions these are the only thresholds universally used. If we replace the official thresholds with our own then we must essential adjust all statistics from official sources. This is clearly impossible. The issue of non-cash benefits is taken up again in Part Two.

3. U.S. Poverty Statistics are based on data gathered each year in March by the Census Bureau as a part of the Current Population Survey. This survey is based on a sample of the population. Consequently all results are valid only within a margin of error. Generally, very small changes (e.g. a tenth of a percent) may be smaller than the standard error for the sample and cannot be considered real changes with any confidence. On this basis the changes from 1986 to 1987 (13.6% to 13.5%) cannot be called a decline.

4. Christine Ross and Sheldon Danzinger, "Poverty rates by state, 1979 and 1985: A research note,"

*Focus*, 10 (Fall, 1987):1-5. These rates are derived from data tapes of the Current Population Survey. Since the CPS is designed primarily as a national survey, samples for states are relatively small and the rates derived are subject to greater error. Small changes in state rates, therefore, are usually not statistically significant and are less dependable. Child poverty rates and, for that matter, any subpopulation or substate area are even less reliable. The Institute does not provide estimates below the level of the total state population.

5. One of the turn-arounds in poverty that has occurred since the official poverty statistics have been kept is the decrease in the total proportion of the elderly who are poor. In 1959 over one-third (35.2 percent) of the U.S. population age 65 years or greater lived in poverty. This proportion has dropped steadily to 25.3 in 1969 and 15.2 in 1979. By 1986 it had reached a low of 12.4 percent. The Missouri rates followed the national decline although at a higher level. The state's poverty rate for its citizens 65 years and over fell from 31.3 percent in 1969 to 17.4 percent in 1979. One of the reasons for this has been the substantial real increase in various government support programs for the elderly since 1959. This is in contrast to programs for families with children, although we cannot attribute the increase in child poverty simply to decreases in child welfare payments. This change has meant that not only are more children poor but a greater part of all individuals in poverty are children.

6. We have chosen to use this term as a shortened version of the more commonly used "female-headed single-parent family." The term "mother-only" encapsulates the idea of a woman as the family provider as well as a family containing one or more (related) children (under 18 years of age).

7. For a concise summary of the literature related to the causes of the increase in Mother-only families see Irwin Garfinkel and Sara S. McLanahan, *Single Mothers and Their Children* (Washington, D.C.:Urban Institute Press, 1986):55-85.

8. An early form of the hypothesis was proposed by Daniel P. Moynihan, "The Negro Family: The Case for National Action" (Washington, D.C.: U.S. Department of Labor, Office of Policy and Planning Research, 1965). Moynihan was able to show a rather substantial correlation between the unemployment rates of non-white men and the rate of non-white separated women for the period from 1951 to 1963. In

the late sixties with the advent of the Vietnam war the relationship weakened. Recently William J. Wilson has proposed again a relationship by showing that regionally the increase in mother-only black families was greatest in those areas where there were the highest unemployment rates for men. Wilson and his colleagues have created a measure called the "male marriageability pool index" (MMPI). This is the ratio of unemployed males in the population per 100 women in the same age range. The notion here is that the rate of two-parent families as a part of all families will drop as the proportion of poor males who are financially attractive enough to marry decreases. Joblessness of men makes them less attractive as husbands. See William J. Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: The University of Chicago Press, 1987):81-92.

9. See Charles Murray, *Losing Ground: American Social Policy 1950-1980* (New York: Basic Book, 1984). Virtually all books written on the subject of poverty or single parent households since Murray's 1984 book have addressed this issue. For summaries see Garfinkel and McLanahan, *Single Mothers*; Frank Levy, *Dollars and Dreams: The Changing American Income Distribution* (New York: Russell Sage Foundation, 1987); David Ellwood, *Poor Support: Poverty and American Family* (New York: Basic Books, 1988); William J. Wilson, *The Truly Disadvantaged*.

10. U.S. House of Representatives, Committee on Ways and Means, *Children in Poverty* (Washington, D.C.: U.S. Government Printing Office, 1985):88-96.

11. See Clifford M. Johnson, Andrew M. Sum and James D. Weill, *Vanishing Dreams: The Growing Economic Plight of America's Young Families* (Washington, D.C.: Children's Defense Fund, 1988).

12. See Lawrence Mishel and Jacqueline Simon, *The State of Working America* (Washington, D.C.: Economic Policy Institute, 1988).

13. *Ibid.*, 1.

14. Frank Levy, *Dollars and Dreams*: 17. Levy points to this as a principal difference between the situation of families prior to 1973 and in 1984 (the last year of his analysis). By 1984 families across the economic spectrum could no longer look forward to steady economic progress. For this reason income redistribution has come to seem the only way for the poor to advance.

15. The broad economic changes which brought this about are subject to debate. Levy identifies three principal factors: stagnation in productivity growth, inflationary expectations and instability in raw material prices. See Levy, *Dollars and Dreams*:60-73.

16. See Sheldon Danzinger and Peter Gottschalk, *How Have Families with Children been Faring?* (Madison, Wisconsin: University of Wisconsin-Madison, Institute for Research on Poverty, 1986).

17. Decennial census data for Missouri may give rough clue. If comparable income levels in published census data between 1970 and 1980 can be found we can compare the number of families falling above and below that level. By chance such did occur. For incomes in 1969 of all families the median was \$8,935. The \$25,000 income level was 2.8 times the median level. For incomes of all families in 1979 the median was \$18,784. In this year the \$50,000 income level was 2.7 times the median level. Assuming comparability then, we might look at the percentage of families above the \$25,000 level in 1969 and those above the \$50,000 level in 1979. These were respectively 3.6 percent and 4.4 percent. This would indicate a tilting toward upper income groups and that conversely lower and middle income groups are worse off. This argument was used in a recent study of children in Wisconsin. See Sandra Danzinger, John Longres and Michael Sosin, *The Status of Children in Wisconsin: Recent Trends in Family Resources and Child Well-Being* (Madison, Wisconsin: Bureau of Children, Youth and Families, Department of Health and Social Services, 1987).

18. Danzinger and Gottschalk, *How Have Families with Children been Faring?* This method estimates the yearly income based on working 52 weeks at such a weekly wage.

19. David Ellwood, *Poor Support*.

20. See L. Anthony Loman and Gary L. Siegel, *Women and Employment: A Missouri Profile* (St. Louis, Missouri: Institute of Applied Research, 1987).

21. Lenore J. Weitzman, *The Divorce Revolution* (New York: Free Press, 1985).

22. These results were taken from our combined sample of 1985 to 1987 CPS results for Missouri, explained in Part Two. No other population data is collected on child support in Missouri. The Missouri Department of Social Services, Child Support Enforcement Section maintains statistics only on its programs. The Office of State Courts Administrator does require local courts to report amount of child support awarded and collected. These statistics were said to be unreliable. In any event the statistics deal only with divorces. In addition, there are no reporting requirements that would yield statistics on the number of women and children involved in the divorces. The national data presented is published by the Census Bureau and is based on the Current Population Survey. See U.S. Bureau of the Census, "Special Studies of Child Support and Alimony: 1985," *Current Popula-*

*tion Reports*, series P-23, no. 152 (Washington, D.C.: United States Government Printing Office, 1987).

23. Tabulations were made by Ellwood. See David Ellwood, *Poor Support*.

24. U.S. Senate, Committee on Finance, *Welfare Programs for Families with Children* (Washington, D.C.: U.S. Government Printing Office, 1988):15-17.

25. A large number of reports and research papers have been written based on analyses of PSID data. For a book length discussions of the findings of PSID as it relates to poverty see Greg J. Duncan, *Years of Poverty, Years of Plenty* (Ann Arbor: Institute for Social Research, University of Michigan, 1984).

26. *Ibid.*

27. *Ibid.*

28. The data was presented in U.S. House of Representatives, Committee on Ways and Means, *Children in Poverty* (Washington, D.C.: U.S. Government Printing Office, 1985):47, but was drawn from Greg J. Duncan and Willard Rogers, *A Demographic Analysis of Childhood Poverty* (Ann Arbor, Michigan: Unpublished, 1984).

29. Duncan's analysis set this percent at 4.8., *Ibid.*

30. Wilson, *The Truly Disadvantaged*, 175-7 presents a summary argument. For a consideration of original reanalysis of PSID data see Mary Jo Bane and David Ellwood, "Slipping into and out of Poverty: The Dynamics of Spells," *Journal of Human Resources*, 21 (1986), 1-23.

31. This map and subsequent maps shows rates or proportions in counties. It should be remembered that the population of some rural counties is very small and that a lower rate in more populous counties may, in fact, represent a greater number of poor children or families.

32. See Lawrence Bartlett and Jody Hoffman, *Missouri Indigent Health Care Study* (Washington, D.C.: Health Systems Research, 1986).

## Part Two

1. Lawrence Bartlett and Jody Hoffman, *Missouri Indigent Health Care Study* (Washington, D.C.: Health Systems Research, 1986).

2. We were astonished to learn in a telephone conversation with the principal author of the Missouri Indigent Health Care Study that all data tapes had been erased. No state official whom we contacted had any knowledge of the original data. The survey gathered detailed information on health related issues, but income and family characteristics were also recorded.

This study included a telephone survey of over 4,000 Missouri families and cost the state, according to our information, in excess of \$140,000. The only concrete outcome received by the state was the final report. The standard Missouri Department of Purchasing Contract specifies that all results of such research, including original raw data, are the property of the state. It is unfortunate that a potentially rich source of information on Missouri's poor has been lost.

3. The simplest way to estimate the child poverty rate is to assume that child poverty bears the same relationship to adult poverty in 1986 as it did in 1979. In 1979 in Missouri the child rate was 19.7 percent greater than adult poverty rate. Our estimate of the adult poverty rate in 1986 was 13.8 percent. This estimate was made by the Institute of Applied Research using 1986 Current Population Survey data for Missouri. Rates presented in Figure 1.1 for earlier years during the 1980's were taken from estimates of state poverty rates made by the Institute for Research on Poverty. On this basis the poverty rate for children in Missouri in 1986 would be 16.5 percent. However, as we saw in Part One the relationship between the population and child poverty rate has been changing consistently since the late 1960's. This change has been characterized by a widening gap between the rate for the whole population and the rate for children, an important fact not taken into account in this approach.

A slightly better way to make the estimate from 1980 census data is to take into account the changing relationship between population poverty and child poverty that is reflected in the U.S. rates. The child rate was 36.8 percent greater than the population rate in 1979, but the difference had increased to 45.6 percent by 1986. This means that the gap had increased by 24 percent between 1979 and 1986. Applying this to the 1979 Missouri gap (19.7 percent) the gap between population and child rates in 1986 should have increased to 24.4 percent. If the Missouri poverty rate in 1986 for the total population is indeed 13.8 percent then using this method the child rate should have increased to 17.2 percent ( $13.8 \times 1.244$  percent).

We might leave aside the population rate and simply assume the validity of the 1979 U.S. and Missouri poverty rates for children. If we believe that Missouri changes exactly like the nation as a whole we would simply apply the U.S. percent change in child poverty between 1979 and 1986 to the Missouri 1979 figure. The U.S. rate increased from 16 to 19.8 percent in these years. This amounted to a 23.8 percent increase. Applying this to the Missouri 1979 rate we calculate the 1986 rate as 18.1 percent ( $14.6 \times 1.238$ ).

4. The portions of the CPS for each of these three years for Missouri were combined to create one

sample. Family income data for 1985 and 1987 were adjusted to 1986 levels using the CPI-U. This method was premised on the assumption that changes in any variables under consideration over the three years can be attributed to inflationary increases. We limited our use of this combined sample to analyses based on family income.

5. The combined three-year CPS estimate of the total population of related children was 1.35 million with 288,450 poor children. Our determination of the number of related children in Missouri for 1986 from the current state projections was approximately 1.37 million. (See later notes.) Based on this sample 59.6 percent of the poor children were in mother-only families. This would mean a rather substantial change over the seven year period (the 1979 level was 46.9 percent).

6. Ultimately this method depends on consideration of several types of changes. Nationally the proportion of mother-only families increased rapidly during the 1970's, slowed in the early eighties and began increasing again by the mid-eighties at a rate comparable to the 1970's. Between 1969 and 1979 nationally there was a 63 percent increase in the proportion of mother-only families as a part of all families with children. In Missouri the rate of increase of these proportions was somewhat slower (43.2 percent). In the 1980's the rate slowed nationally showing only a 13 percent increase. Of course, we do not know the increase for Missouri. The slowing in the early 1980's may reflect only changes in living arrangements. If young women with children move back to the homes of their parents because of economic hard times they are counted in the CPS as a subfamilies and are not considered separate mother-only families. For a discussion of this phenomenon see Garfinkel and McLanahan, *Single Mothers and Their Children*, 48-50.

Our concern is *children* in mother-only families. Their numbers and proportions have increased along with the increase in the proportion of such families. We do not consider the rate of increase in proportions of such children from 1969 to 1979 in Missouri as particularly relevant to predicting changes in the 1980's in Missouri. There is no reason to suppose that these two data points can be used to establish a trend. We chose to use changes in the proportions of children in such families in the midwestern states as a predictor of changes in Missouri. We should remember that during the 1980's the *reduction in welfare benefits in constant dollars to mother-only families accelerated*. As we pointed out in Part One this was in part responsible for the increasing poverty among children in mother-only families. Missouri did not depart from the national and Midwest trends in this regard.

In the Midwest the proportion of children in mother-only families increased from 16.0 percent of all related children in 1979 to 19.0 percent in 1980. Likewise the rate of these children in poverty increased from 45.0 to 57.4 percent during the same period. The pattern of increase for both rates was positive during the period and marked a continuation of a positive trend for twenty years before. To assume that Missouri did not follow this pattern would require proposing some aspect of Missouri society that inhibits the formation of these families and their descent into poverty. No such aspect can be proposed. In fact, the low AFDC rates in Missouri in comparison to surrounding states might lead to the hypothesis that such families would have higher poverty rates.

Applying a global constant mean model based on the changes in Midwest rates from 1979 to 1986 to Missouri, we calculated that the Missouri child poverty rate in mother-only families would have risen to 55.1 percent and that the rate of children in mother only families would have risen to 17.4 percent.

An estimate the population of related children in Missouri in 1986 was made. Estimates of the number of related children were made for 1985, 1990 and 1995 using Scenario R (recent migration) of recent projection of the Missouri population by age and sex from 1985 to 2010 (Missouri Division of Budget and Planning). Interpolated values were produced for intervening years. The 1986 value was 1,379,500.

7. This relationship has been documented elsewhere. See, for example, Ellwood, *Poor Support*, 96-8.

8. We developed a simple regression formula based on official unemployment rates in the midwestern states for the period 1978 to 1986 and the poverty rate among children in families in which their was a male head present. The correlation was .83 for this period. Based on this formula a predicted rate of poverty for these children was developed.

We limited the analysis to unemployment rates for the whole population because reliable rates for males and females are not available at the state level on a yearly basis. Nor is average family income for different types of families known. (Ideally we would use male UE rates and the median yearly income of males or of two-parent families.)

The actual midwest rate and the rate predicted in the regression model are shown in Figure N.1. As can be seen the actual poverty rate and the predicted are highly correlated. We have also included in this figure the yearly percent change in the median income for full-time workers in the Midwest in this period. Notice that when the percent change is relatively high (1979

to 1982) the UE rate predicts higher poverty rates, but when the yearly change is low (1983 to 1986) the UE rate predicts lower poverty rates. This may show the importance of family income information in Missouri were it available on a yearly basis. For if Missouri's median income for full-time workers or for families with children is lower in relation to the populous states in the midwest, then this regression formula could seriously underestimate the rate of poverty of children in male-present families.

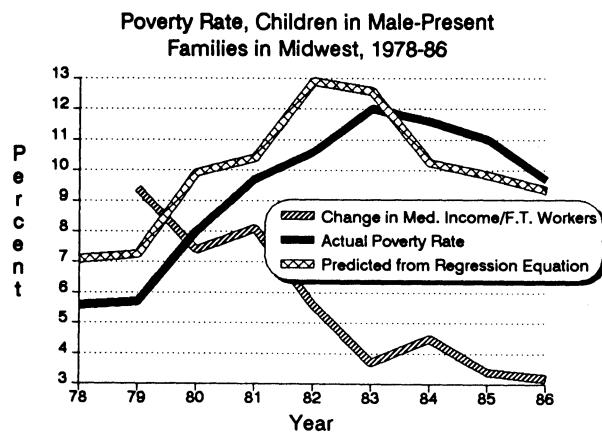


Figure N1

As we have noted, the Missouri poverty rate for children in male-present families in 1979 was higher than the national and Midwest rates even though Missouri's unemployment rate was lower during that year. This also may be due to the lower median income levels among Missouri families. In applying the regression formula to Missouri we first adjusted it to the actual poverty rate in 1979. Using this methodology the Missouri poverty rate for children in male-present families in 1979 (9.2 percent) was determined to have risen to a high of 13.5 percent in 1983 when the UE rate in Missouri was 9.9 percent of the civilian labor force. It subsequently dropped to 10.5 percent in 1986 with the decrease in unemployment to 6.1 percent.

### Part Three

1. U.S. Senate, Committee on Finance, *Welfare Programs for Families and Children* (Washington, D.C.: U.S. Government Printing Office, 1988).

2. See Irwin Garfinkel and Marygold S. Melli, *Maintenance through the Tax System: The Proposed Wisconsin Child Support Assurance Program* (Madison, Wisconsin: University of Wisconsin-Madison, Institute for Research on Poverty, 1987).

This is one of numerous publications by Garfinkel and his associates on the system since 1983.

3. *Ibid.*

4. Irwin Garfinkel, "The evolution of child support policy," *Focus*, 11, No. 1 (Spring, 1988), 11-16.

5. Irwin Garfinkel, *Utilization and Effect of Immediate Income Withholding and the Percentage-of-Income Standard: An Interim Report on the Child Support Assurance Demonstration* (Madison, Wisconsin: University of Wisconsin-Madison, Institute for Research on Poverty, Revised 1986), 13.

6. *Ibid.*, 37.

7. Garfinkel, "The evolution of child support policy"

8. See Irwin Garfinkel, Sara McLanahan and Patrick Wong, *Child Support and Dependency* (Madison, Wisconsin: University of Wisconsin-Madison, Institute for Research on Poverty, 1987)

9. Ellwood, *Poor Support*, 163.

10. David T. Ellwood and Lawrence H. Summers, "Poverty in America: Is Welfare the Answer or the Problem?" in Sheldon H. Danzinger and Daniel H. Weinberg, eds., *Fighting Poverty: What Works and What Doesn't* (Cambridge, Massachusetts: Harvard University Press, 1986), 78-105.

11. See Children's Defense Fund, *A Children's Defense Budget* (Washington, D.C.: Children's Defense Fund, 1988), 270-1. This information came originally from compilations of the congressional research service (see note).

12. *Ibid.*

13. This was found to be the case for the CPS sample. Mother-only families as a whole, both poor and non-poor, received an average of \$2,728 per year. Married couple families received an average of \$1,453 per year. Remember, however, that some married couple families in the sample are a result of a single women on AFDC marrying during the course of the year. Therefore, these families may not all have participated in the AFDC-UP program.

14. The definition of public assistance in this case is slightly different. In our analysis of the CPS we included in public assistance only AFDC and general relief payments. The 1980 census tables add to this supplemental security income. This is relatively small, but does add more families into this category who do not receive AFDC and who do not have children. See U.S. Bureau of the Census, *1980 Census of the Population, Detailed Population Characteristics*, Missouri Volume 1, Chapter D, Part 27 (Washington, D.C.: U.S.

Government Printing Office, 1983), Table 248 and p. B16.

15. This is not a simple issue. The proportion of children on AFDC as a part of all children in mother-only families has declined steadily since the early 1970's for the nation as a whole. See Ellwood, *Poor Support*, 60. The population on which we are focusing, however, is *poor* mother-only families. Our data shows an increasing proportion of these families on welfare in Missouri. At the same time it should be remembered that the benefits received by these families has been decreasing in real terms.

16. This estimate is based on the assumption of similar family size among poor mother-only families receiving and not receiving public assistance. We simply applied the estimated percentage of poor families receiving public assistance (61 percent in the CPS sample) to the total number of children (132,500 x .61 = 80,800). We further estimated that the poor mother-only families will continue their decline into poverty and have assumed that the proportion receiving AFDC would increase to 65.4 in 1995 (applies rate of increase from 79 to 86 to the period from 86 to 95). This means that the total poor children receiving AFDC in 1995 would be 123,800 (189,300 x .654).

A note of interest here has to do with number of children served through the AFDC program. We have estimated that 131,600 children were served through the AFDC program in 1986 (excluding AFDC-UP). Yet we also estimate that only 76,700 children from poor families are served. This may be explained in the following way. First, poor children were those in families with *yearly* incomes below the poverty line. Many families on AFDC stop receiving benefits as the mother obtains employment or re-marries. In this case by year's end the family may have earned enough to be above the poverty level. Other families have income setbacks at some point during the year, so that they become eligible for AFDC. Yet, in this case the total yearly income may place the family above the poverty level. In both of these cases the family is clearly poor for one or more months during the year, but is not officially poor for the whole year. Another important case has to do with children on AFDC that are members of a mother-only *subfamily*. This refers to a single parent living with her children in another household (usually her parents'). Such a family may not have been counted as a poor family in census surveys, yet the children may still be enrolled in AFDC. These factors (and others) act to make the total yearly population of AFDC children substantially larger than the population of children on AFDC counted as officially poor.

17. The average family size in 1979 for all poor families and for mother-only families was 2.4.

18. This is derived by multiplying \$100 times the average number of families served in 1986 (66,700) and then times 12 for a full year. Since the total in benefits paid in 1986 was \$203.2 million, this would have amounted to a 39 percent increase in yearly benefits for a total of \$283.2 million.

19. This is determined by assuming that the estimated 76,700 children in 1986 represent 36,700 families. Our assumption is that these families were on AFDC an average of 9 months during the year. This means that an average of \$900 would be received by each family. (36,700 x \$900 = \$33,030,000)

20. See U.S. Department of Labor, *Projections 2000* (Washington, D.C.: U.S. Government Printing Office, 1988); William B. Johnston et al., *Workforce 2000* (Indianapolis, Indiana: Hudson Institute, 1987); Missouri Division of Budget and Planning, *Missouri Demographic and Economic Profile: 1987-2000* (Jefferson City, Missouri: Office of Administration, 1987); Missouri Opportunity 2000 Commission, *Report of the Missouri Opportunity 2000 Commission* (1987).

21. *Ibid.*

22. Missouri Opportunity 2000 Commission Report, 94. The section of the report on pages 87-98 reproduces a report of Wharton Econometrics Forecasting Associates of Baseline and Alternative Economic Forecasts for the U.S. and Missouri.

23. See Rebecca M. Blank and Alan S. Blinder, "Macroeconomics, Income Distribution and Poverty," in Sheldon H. Danzinger and Daniel H. Weinberg, eds., *Fighting Poverty: What Works and What Doesn't* (Cambridge, Massachusetts, Harvard University Press, 1986), 180-208.

24. Missouri Division of Budget and Planning, *Missouri Demographic and Economic Profile: 1987-2000*, 6.

25. See William B. Johnston, et. al., *Workforce 2000*, 90.

26. See U.S. Department of Labor, *Projections 2000*, 29.

27. Johnston, *Workforce 2000*, 61.

28. *Ibid.* 100.

29. *Missouri Opportunity 2000 Commission Report*.

30. Linda A. Wilcox "Creating Jobs in Maine," *Public Welfare*, Vol.4, No. 4 (Fall, 1988), 13-18.

31. See Department of Economic Development, *Missouri Corporate Planner* (Jefferson City, Missouri: Department of Economic Development, 1986).

32. See the discussion in Sar A. Levitan and Issac Shapiro, *Working but Poor* (Baltimore, Maryland: John Hopkins University Press, 1987), 27-32.

33. See James L. Sunquist, "Has America Lost its Social Conscience--And How Will It Get It Back?" *Political Science Quarterly*, No. 4, 1986, 521.

34. Susan Rees, et al., *How the Poor Would Remedy Poverty* (Washington, DC: Coalition on Human Needs, 1987).

35. L. Anthony Loman and Gary L. Siegel, *Women and Employment: A Missouri Profile* (St. Louis, Missouri: Institute of Applied Research, 1987).

36. Two recent studies are the previously cited Loman and Siegel, *Women and Employment* and Gary L. Siegel and L. Anthony Loman, *JTPA Follow-Up Study* (St. Louis, Missouri: Institute of Applied Research, 1986).

37. Siegel and Loman, *JTPA Follow-Up Study*.

38. S.A. Levitan and F. Gallo. *A Second Chance: Training for Jobs*. (Kalamazoo, Michigan: W.E. Upjohn Institute, 1988).

39. We have addressed the potential for coordination of state employment and training through JTPA. See Gary L. Siegel, *Coordination of State and Local Resources under the Job Training Partnership Act* (St. Louis, Missouri: Institute of Applied Research, 1983).

40. For a national analysis see Center on Budget and Policy Priorities, Food Stamp Employment and Training, *Resource Guide* (Washington, D.C., Center on Budget and Policy Priorities, 1986) and Urban Institute, *A Compendium of Selected Employment and Training Services for Food Stamp Applicants and Recipients* (Washington, D.C.: Office of Analysis and Evaluation, Food and Nutrition Service, 1986). At the Institute we have carried out two studies at the state level. For a perspective on the Missouri program see Gary L. Siegel and L. Anthony Loman, *Food Stamp Employment and Training Programs, Planning Report* (St. Louis, Missouri: Institute of Applied Research, 1987). The program in Iowa was also studied: Gary L. Siegel and L. Anthony Loman, *Iowa Food Stamp Employment and Training Program, Research and Planning Report* (St. Louis, Missouri: Institute of Applied Research, 1987).

41. For a good summary of some programs that have been evaluated the reader may wish to refer to Judith M. Gueron, *Reforming Welfare with Work*, Oc-

casional Paper Number Two (New York: Ford Foundation Project on Social Welfare, 1987).

42. Data and descriptions provided by the Department of Social Services.

43. See Laurie J. Bassi and Orley Ashenfelter, "Direct Job Creation and Training Programs" in Sheldon H. Danzinger and Daniel H. Weinberg, eds., *Fighting Poverty* (Cambridge, Massachusetts: Harvard University Press, 1986), 133-151, for a general review. For a review that focuses on programs for AFDC recipients see Jean B. Grossman, Rebecca Maynard and Judith Roberts, *Reanalysis of the Effects of Selected Employment and Training Programs for Welfare Recipients* (Princeton, N.J.: Mathematica Policy Research, 1985). Research on a series of pilot programs aimed at food stamp recipients is described in Robert Lerman et al., *Food Stamp Work Registration and Job Search Demonstration, Final Report* (Waltham, Massachusetts: Brandeis University, 1986).

44. Grossman, *Reanalysis*, 12.

45. For example see the tables comparing studies in Grossman et al., *Reanalysis*, or the magnitude of program effects in Lerman, *Food Stamp Work Registration*. For an elaborate report on a carefully controlled study the reader might look at Barbara Goldman et al., *Final Report on the San Diego Job Search and Work Experience Demonstration* (New York: Manpower Demonstration Research Corporation, 1986).

46. See Lawrence Bartlett and Jody Hoffman, *Missouri Indigent Health Care Study* (Washington, D.C.: Health Systems Research, 1986).

47. L. Anthony Loman and Gary L. Siegel, *Prevention of Developmental Disabilities, The Status of Programs in Missouri* (St. Louis, Missouri: Institute of Applied Research, 1986).

48. Bartlett and Hoffman, *Missouri Indigent Health Care*, 146.

49. Missouri Department of Social Services, *Multiple Benefits Study* (Jefferson City, Missouri: Department of Social Service, Data Processing Division, 1986).

50. Ellwood, *Poor Support*.

51. We addressed the question of prevention of developmental disabilities through improved medical care in our report cited above, Loman and Siegel, *Prevention of Developmental Disabilities*. Our conclusions were that a wide variety of the incidence and prevalence of a wide variety of disabilities would be reduced by the application of some rather simple

medical measures, and such programs would eventually pay for themselves.

52. Joint Interim Committee on Missouri Health Care Systems, *Report and Recommendations* (Jefferson City: Missouri State Legislature, 1988).

53. Philip K. Robins, "Federal Support for Child Care: Current Policies and a Proposed New System" *Focus*, Vol. 11, No. 2 (Summer, 1988): 1-9.

54. See Loman and Siegel, *Women and Employment: A Missouri Profile*, cited above. The surveys of special target groups of women such as mother-only families and women on welfare involve supplementing the random telephone survey with surveys of special populations such as women who had been enrolled in JTPA programs and women who were participating the various Carl Perkins programs in vocational education.

55. A short review of such opinion can be found in Nathan Glazer, "Education and Training Programs and Poverty" in Sheldon H. Danzinger and Daniel H. Weinberg, *Fighting Poverty* (Cambridge, Massachusetts: Harvard University Press, 1986).

56. William L. Elder and Evelyn Cleveland, *Adult Illiteracy Estimates for Missouri Counties* (Columbia, Missouri: Office of Social and Economic Data Analysis, University of Missouri, 1988).

57. Missouri Department of Elementary and Secondary Education, *The Missouri Plan for Literacy Advancement* (Jefferson City, Missouri: MDESE, 1987).

58. *Ibid.*

59. Two recent publications that outline such projects going on around the country are *Public/Private Ventures, A practitioner's Guide: Strategies, Programs and Resources for Youth Employability Development* (Philadelphia, Pennsylvania: Public/Private Ventures, 1988) and CED, *Children in Need: Investment Strategies for the Educationally Disadvantaged* (New York, N.Y.: Committee for Economic Development, 1987).

60. See L. Anthony Loman and Gary L. Siegel, *Prevention of Developmental Disabilities: The Status of Programs in Missouri* (St. Louis, Missouri: Institute of Applied Research, 1986); and Carolyn Makinson, "The Health Consequences of Teen-age Fertility," *Family Planning Perspectives* Vol. 19 (1985):132

61. See W. Baldwin and V. Cain, "The Children of Teen Parents," *Family Planning Perspectives*, Vol. 12 (1981):33-43.

62. Makinson, "The Health Consequences..."

63. See the "Children Born to Teens More Likely to Injured or Hospitalized by Age 5," *Family Planning Perspectives*, Vol 16 (1984):238.

64. For a summary of these problems see Select Committee on Children, Youth and Families, *Teen Pregnancy: What is Being Done? A State by State Look* (Washington, D.C.: U.S. Government Printing Office, 1986).

65. See the 1985 study by Marjorie Horn cited in Elise F. Jones, *Teenage Pregnancy in Industrialized Countries* (New Haven, Connecticut: Yale University Press, 1986): 42-3.

66. Loman and Siegel, *Prevention of Developmental Disabilities*.

67. See for example F. Furstenburg, "Sex Education and Sexual Experience among Adolescents," *American Journal of Public Health*, Vol. 75 (1985):1331-1337.

#### Part 4

1. See John Goodman, *Public Opinion During the Reagan Administration* (Washington, D.C.: Urban Institute Press, 1984); Hugh Heclo, "The Political Foundation of Antipoverty Policy" in Sheldon H. Danzinger and Daniel H. Weinberg, *Fighting Poverty* (Cambridge, Massachusetts: Harvard University Press, 1986); Karlyn Keene, "Who's the Fairest of Them All?" *Public Opinion*, Vol. 7 (1984):47-51.

2. See Herbert J. Gans, *Middle American Individualism: The Future of Liberal Democracy* (New York: The Free Press, 1988).

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